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No. 23

The Townsmen on the Farm	705	Singapore		Hongkong Shipping and Air	
The Work of the University of		Developments in Singapore	720	Traffic in September	729
Hongkong, Department of Econo-		Malaya		Hongkong Principal Exports in	
mics and Political Science	707	Training for Malayan Industries	723	1956 (Part IV)	730
Paper Money in Modern China		Hongkong		Finance & Commerce	
(Part XXV)	711	Hongkong Notes and Reports ..	724	Hongkong Exchange Markets;	
China		Dog Meat and Hongkong Prac-	727	Hongkong Share Market;	
China Realities	713	tice		Singapore Shares	733
Korea		Hongkong Company Meetings		Trade Reports	734
Economic Developments in South		(Yangtze Finance, Shanghai			
Korea	716	Loan, Amalgamated Rubber) 728			

THE TOWNSMEN ON THE FARM

One of the most spectacular events of the year in Communist China is the sending of several millions of graduates of schools, State and Party functionaries, teachers and other literates to the countryside. More of these are going to the rural areas than all the Communists, armed or otherwise, who finally emerged from the backwoods to conquer the country. It is in a way a return of the revolution to the place from which it came—because it did not win by ideology, factory and city riots, disintegration of the armed forces or any of the other phenomena which distinguished the Soviet Revolution, but by the failure of the Nationalists in war and peace alike and the triumphant march of the so-called Liberation Armies from the Amur to the Mekong, and from the sea to the Tien Shan. There are many elements mixed up in this decision. The Party and Government organs were packed full of people who had nothing to do and with others who did what they had to do in a way to antagonise both the people at large and their own leaders.

Bureaucratism has been an evil declaimed against by the Party leaders and newspapers almost ever since these untried people, who had no experience of administering anything beyond the primitive rural areas, took over the entire mechanism of the modern State developed under Sino-Foreign co-operation in the century since the signature of the Treaty of Tientsin. One of the major objects is to remedy this situation, which hostile criticism during the rectification brought to a head. At the same time it cuts down the scandalous expansion brought to a head. At the same time it cuts down the scandalous expansion of the bureaucracy in recent years, to which even the Party Press, like the People's Daily, referred in strong and opprobrious terms. Peking is punishing in a variety of ways

those who ventured to criticise the Party—and almost certainly in the way of expulsion also, though nothing is said of the proportion of malcontents, who compromised themselves in the recent blooming and contending, among the "volunteers" sent to the villages.

But it is also taking to heart the plain lessons of the all-round lambasting the regime received by critics both within and outside the Communist Party. It is trying, while yielding not an iota in political concessions, to remedy many of the evils in the Party and State administration the criticisms of which have the genuine support of public opinion. Most of the criticisms were right, though unbalanced and one-sided. The evils to be overcome are no mere questions of gobbledegook. Hundreds of thousands of slogans were posted before Government buildings, inviting the public to air their complaints, and it is hinted that at least as many criticisms will come in—more than 100,000 were received immediately after the invitation. It is, of course, a well-known method of passing the buck, but it will certainly have a good deal of effect.

But apart from cleaning up the mess in the Party and Government organs, the intention is to "establish a strong and well-disciplined force" for work in the APCs and labouring centres, and to mobilise fully the manpower and material resources for strengthening the labour front so as to speed up Socialist construction. This immense infusion of literate persons into the villages is a revolution in itself, or a counter-revolution. In the early days of the co-operativization there were urgent pleas for bookkeepers and persons able to read or reply to the enormous invasion of paper into a countryside that had hitherto depended for almost all its existence on word of mouth. Returns had to be made, tables compiled, statistics of all sorts to be

set down. The bureaucrat had reached the threshold of the mud-hut and the pig-sty, and the volume of paper in a single county exceeded that required of the whole Empire half-a-century ago.

The tale of the chaos in the countryside has never been told and will never be told, for no novel could contain it all and be readable. But the truth is that the battle of the land and of collectivisation was not going at all well. It was bad enough to have to cope with all the bureaucratism, but nature was also doubly unkind, and might well have broken every co-operative into the fragments which it coalesced but for the way in which the cadres mobilised and led the mass of peasants into tremendous efforts which could never have been organised but for them. And the provinces which, after flood, suffered widespread drought this year, may yet rise to call the kanpu blessed, however deeply they may have resented the way in which they were mobilised and required to carry water on their poles over large distances in order to feed by hand the far-ranging fields which Nature refused to refresh and restore. Here again is another story only half told, but the upshot of it was that the wheat and other crops were sown in spite of all. When the crops are reaped the peasants will remember, though they may not be specially glad!

It is on the land front that the so-called "socialist revolution" will be won or lost in China, just as in the Soviet Union it is now largely an issue of human freedom. Material success has been won at the loss of all the great freedoms which have moved men, tribes and nations from time immemorial. In China it is material success which is what now matters, despite the concentration of all critics on the spiritual values. As one American correspondent put it during this period, "the nightmare of a booming population with too many mouths to feed and not enough food to fill them may be the biggest problem facing China in 1958," though it is nothing new for vast numbers of peasants to face the risk of starvation. But a population increase of 15 million annually on top of a small margin of subsistence—and with the duty of providing for the immense development of industry as well—puts the old problem in a new and more glaring light.

The agricultural co-operatives could break up overnight and wreck the whole socialist scheme, for then the Party could not impose its will on the peasants and the Army would refuse to do it. So co-operation on the land simply has to succeed or all else will fail. It is a problem as simple as that. A great many of the city evacuees who are now down on the farm can be most useful in scores of clerical and literate ways. But the countryside wants something more than an invasion of this sort, which might only exacerbate the bucolic impressions of bureaucratism and all the red-tape which is tying their existence into beastly knots. And so it has been made clear to most of them who have been "sent down" that they have to work with their hands

and to consider their stay not as a brief and patronising holiday or even an educational foray, but a period of physical and spiritual reform—a penance for their criticisms and misdeeds and for their traditional contempt of manual labour and the peasant. The Party know how to get their own back. But they are impelled by much more than malice. There is grim necessity behind it all.

The great question all will be anxious to have answered is how this spectacular experiment will work out in actual practice. The proportion of those who will relish this excursion into the backward past is infinitesimal. Nowadays in all things there is still a smattering of sheer idealism, especially among the young and ardent to whom this is second nature. How it will fare remains to be seen. But the great majority have been ordered to the countryside and in going are doubly disgruntled. The primary and secondary school graduates, the functionaries with easy living and easier working who had looked forward to swift or slow promotion up the official ladder, the intelligentsia who blotted their copy-book—all these go in an unhappy or worse frame of mind. They ought not really to prove at all good neighbours. They feel far more bitterly than the few pioneer Communists who went out to the villages in the days of rebellion and spoke to the peasants of their revolutionary hopes and ideas. Nor are they anything like so light-minded as the kanpu who fared forth to the villages and sought salvation for the race by smashing the peasants' idols and temples till they drove the farmers to exasperation and caused them to fall upon the youngsters and end there and then their revolutionary gestures.

It is by no means certain that the experiment will fail in spite of appearances which almost compel an adverse verdict. If Nature is kind, and if there is a real leavening of selfless endeavour and leadership, it will influence the whole, peasant and deportee alike, for in the final analysis all Chinese of whatever persuasion do want to raise their standards of living as they have raised their prestige, which had fallen incredibly low by common standards during the preceding half-century, and even lower judging by the proven greatness of the Chinese race which from the days of the glory of Greece onward had few superiors anywhere in the world. Peking has taken the risks with eyes wide open, and the anxious publicity already being given to how things are going down on the farm shows that there is deep cognisance of the basic significance of the success or failure of the experiment. But two years of shocking natural disasters suggest that there will be better luck the third year, as in 1955. No people on earth face adversity with such courage; and none respond more quickly to the smiles of Heaven. If 1958 is a good climatic year the crisis may be averted and a better and brighter feeling may sweep through the land. If it is a bad year there may be far more serious consequences than the last two years produced.

THE WORK OF THE UNIVERSITY OF HONGKONG DEPARTMENT OF ECONOMICS AND POLITICAL SCIENCE

In 1956/57 the Department experienced considerable changes in staff and in syllabus, and was increasingly active in research and in the promotion of contacts with academic centres abroad.

STAFF

Dr. E. S. Kirby, Professor of Economics, was Head of Department. During his temporary absence from the Colony (August-September 1956 and March 1957) Fr. M. Mansfield and Mr. E. F. Szczepanik were respectively in charge of the Department. In July 1957 Prof. Kirby went on leave and Mr. Szczepanik was appointed Acting Head of Department.

On 1st July 1957 Mr. Szczepanik was promoted to Senior Lecturer in Economics. Mr. S. L. Fu was Lecturer in Sociology and Dr. W. F. Maunder was Lecturer in Statistics. Dr. R. Hsia replaced Mr. F. H. H. King as Lecturer in Economics and commenced his duties in September 1956. Dr. S. S. Hsueh replaced Mrs. M. C. David as Assistant Lecturer in Political Science from the beginning of the 1956/57 session. Fr. M. Mansfield resigned in May 1957 and the vacant Lectureship in Economics was filled by Dr. G. Davies in September 1957.

Prof. F. C. Benham of the Royal Institute of International Affairs acted as External Examiner in all Departmental subjects in May 1957 with the exception of Statistics in which Mr. C. J. Thomas of the University of Southampton was the External Examiner.

The work of the Department of Economics and Political Science, University of Hongkong, has recently attracted considerable attention in Hongkong. Some of its activities have also become known abroad. Readers of this Review would therefore, it is hoped, be interested in the following account of the Department's work during the past academic session 1956/57.

In the Department's Research Section, Mr. Ng Kwok Leung left for postgraduate studies in the London School of Economics in September 1956. Mr. S. L. Wong and Miss M. Young were appointed Asia Foundation Research Fellows. Mr. P. Ma and Mr. K. K. Chan joined as Research Assistants, Mr. K. H. Lau as computer and Miss N. Ma as typist. In June 1957 the following temporary additions to the Research Staff were made: Mr. T. C. W. Yan and Mrs. H. M. Szczepanik as Statistical Officers in charge of the Hongkong Housing Survey, and Mrs. M. C. David as Statistical Officer in charge of the Resettlement Estates Survey.

Miss J. Osmund, Departmental Clerk, resigned in April 1957 and was succeeded by Miss N. Rahmin.

TEACHING PROGRAMME

In the First Year, courses were offered in **Elements of Economics** (Mr. Szczepanik), **Elements of Social Structure** (Mr. Fu) and **History of Political Ideas** (Dr. Hsueh). In connection with the revision of the Departmental Syllabus it was decided that from 1957/58 onwards the course in the History of Political Ideas would be shifted to the Final Years.

Lecture-courses delivered to Final (Second and Third Year) students included: **Economic Analysis** (Mr. Szczepanik), **Applied Economics** (Fr. Mansfield), **Far Eastern Economics** (Prof. Kirby), **Economic History of Europe to 1914** (Prof. Kirby), **Recent Economic History of the World** (Dr. Hsia), **Essay in Economics** (Fr. Mansfield), **Political Institutions** (Dr. Hsueh), **Theories and Methods of Sociology** (Mr. Fu), **Statistical Method** (Dr. Maunder), and **Economic and Social Statistics** (Dr. Maunder).

It was decided that the following three-paper groups would be offered to final B. A. students from 1957/58 onwards:

Economics (A1): — Economic Analysis
 — Applied Economics (Public Finance and Money & Banking)
 — Far Eastern Economics

(A2): — Economic History of Europe to 1914
 — Recent Economic History of the World
 — Essay in Economics (International Economics)

Political Science

& Sociology (B): — History of Political Ideas
 — Political Institutions
 — Theories & Methods of Sociology

Statistics (C): — Statistical Method
 — Economic & Social Statistics
 — Allied Statistics

A new Group D, **Commerce**, including Business Administration, Accountancy I and Accountancy II, was also approved but its introduction was made dependent on the filling of the vacant Lectureship in Commerce.

Selected courses of the Department (Elements of Social Structure, Theories and Methods of Sociology, Political Institutions and Statistical Method) were also attended by the students aiming at the Certificate in Social Study.

Some external students were registered for the courses in Elements of Economics and in Far Eastern Economics.

Apart from the B.A. degree courses the Department continued to run in the evenings an Extramural Course in Accountancy and Secretarial Practice, including Economics (Mr. E. F. Szczepanik), Accountancy (Mr. B. Johnson and Mr. J. S. Riggs), Commercial Law (Mr. G. H. H. Golby and Mr. J. C. Wilman) and Secretarial Practice (Mr. D. S. Goldie and Mr. C. Campbell). Participants of this course were preparing for the examinations of the Chartered Institute of Secretaries, Association of Certified and Corporate Accountants as well as other professional bodies.

STUDENTS

The total number of students taking courses offered by the Department during the academic year 1956/57 was as follows:

B.A.				
	First Year	—	39	
	Second Year	—	22	
	Third Year	—	11	
M.A. candidate		—	1	
Certificate in Social Study				
	First Year	—	3	
	Second Year	—	6	
External students		—	3	85
Extramural Course in Accountancy & Secretarial Practice				
	Beginners Class	—	89	
	Advanced Class	—	27	116
			Total	201

In the examinations for the B.A. degree, Mr. Benjamin Wong Pui-tong was awarded First Class Honours, Mrs. H. M. Szczepanik and Mr. Teng Chong-hwa Second Class Honours (Upper Division), six students were awarded a Pass Degree and two candidates were not successful.

THE ECONOMICS SOCIETY

The Economics Society, essentially a students' organization but with about 50 Associate Members from among the local business community as well as the Government and diplomatic circles, continued to be a most useful instrument supplementing the teaching programme by visits to factories and business institutions, social activities and lectures. Public lectures delivered in 1956/57 included the following:

"Some Aspects of the American Economy" by Rev. Fr. M. Mansfield, S.J.

"Australia" by Prof. Z. Cowan, Dean of Law, University of Melbourne.

"The Economy of Taiwan" by Prof. E. S. Kirby.

"The Role of the Community Development Movement in the General Economic and Social Progress of Poor Areas" by Dr. A. W. Wojcicki, Acting Chief, Division of Social Affairs, and Regional Community Development Officer, ECAFE.

"Basic Issues in American Foreign Policy" by Mr. E. Raymond Wilson, Quaker International Affairs Representative in Japan of the American Friends Service Committee.

"Report on the Tokyo Conference on Economic Growth" by Dr. K. Martin, Reader in Economics, University of Manchester.

"Hongkong's Political Arithmetic" by Mr. E. F. Szczepanik.

The office-bearers of the Society were:

President: Prof. E. S. Kirby.

Vice-President: Mr. E. F. Szczepanik.

Graduate Vice-President: Mr. J. Swaine.

Hon. Vice-Presidents: Mr. M. D. A. Clinton, Mr. J. J. Cowperthwaite, Hon. Kwok Chan, Mr. U Tat Chee.

Honorary Auditor: Dr. R. Hsia.

Chairman: Mr. A. J. Reutens.

Hon. Secretary: Mr. H. C. Lam.

Hon. Treasurer: Mr. W. H. Kwok.

Class Representatives: Miss E. Lee, Mr. P. Wang, Mr. P. Luey.

The second post-war volume of the Journal of the Economics Society, resumed in 1955, was published in October 1956. It contained articles by members of the staff and by students of the Department.

RESEARCH

The Department continued its programme of research in the economic and social problems of Hongkong, China and the Far East. This side of the Department's work was intensified thanks to the interest and support shown by the Government of Hongkong as well as by various foundations and institutions, especially the Asia Foundation which provided a grant of HK\$60,000 for the period from 1st February 1957 to 31st January 1959.

Research connected with Hongkong included:

(i) Continuation of the study of the **Economic Structure of Hongkong** by Mr. E. F. Szczepanik, assisted by Miss M. Young. This research was subsidised in 1954-56 by the Hongkong University Research Grants Committee. In 1956 the Royal Institute of International Affairs provided a subsidy of £100 in order to prepare for publication the results of this research in the form of a book entitled "**The Economic Growth of Hongkong**." The book is now being printed by the Oxford University Press.

(ii) **Economic Survey of Hongkong Fishing Industry** conducted by Mr. E. F. Szczepanik, assisted by Miss M. Young, with the aid of about 30 students of the Department. Field work connected with this Survey was carried out in December 1956 and it was facilitated by a grant of about HK\$2,350 provided by the Government of Hongkong through the Fisheries Technical Policy Committee. The Report on this Survey is in preparation.

(iii) **Social Survey of Hongkong Resettlement Estates** carried out by Mrs. M. C. David under the supervision of Mr. E. F. Szczepanik and Dr. W. F. Maunder, assisted by several graduates and students of the Department as well as by a number of Government social workers. This research was financed by a grant of about HK\$8,500 provided by the Government of Hongkong through its Social Welfare Office. The Report was presented to the Hongkong Council of Social Services in October 1957.

(iv) **Hongkong Housing Survey** carried out by Mr. T. C. W. Yan and Mrs. H. M. Szczepanik under the supervision of Mr. E. F. Szczepanik and Dr. W. F. Maunder, assisted by about 160 students from all Faculties of the University and with the aid of the Government Housing Authority and Statistical Office. A sum of about HK\$55,000 was allocated by the Government for this purpose. Field work was completed during the 1957 summer vacation and it is expected that the Report on this Survey will be ready by the end of 1957.

(v) The study of **Hongkong's Trade with the United States, 1946-56** conducted by Dr. R. Hsia, assisted by Mr. K. K. Chan. Results of this research are being prepared for publication.

Research connected with China included:

(i) The study of **Light Industry in China** conducted by Prof. E. S. Kirby, assisted by Mr. P. Ma. The results of this research were published in the form of a series of articles in the *Far Eastern Economic Review*.

(ii) The analysis of the **Structure of Economic Planning in Communist China** conducted by Prof. E. S. Kirby, assisted by Mr. P. Ma. The results of this research were published in the form of a series of articles in the *Far Eastern Economic Review*.

(iii) The study of **China's Foreign Trade** carried out by Mr. P. Ma under the supervision of Mr. E. F. Szczepanik. The results of this research are being prepared for publication.

(iv) The study of **Mainland's China Capital Formation** conducted by Dr. R. Hsia, assisted by Mr. K. K. Chan. This research is in progress.

(v) The compilation of **Bibliography Relating to China's Economic and Social Problems for 1955-57** carried out by Mr. S. L. Wong under the supervision of Dr. R. Hsia and Dr. S. S. Hsueh. This Bibliography will be published in the forthcoming Volume II (1956-7) of the *Contemporary China*.

(vi) The preparation of **Chronology of Main Economic, Political and Social Events in China in 1956-57** by Mr. S. L. Wong under the supervision of Dr. R. Hsia and Dr. S. S. Hsueh. This Chronology will be published in the forthcoming Volume II (1956-7) of the *Contemporary China*.

Research connected with the Far East included:

(i) The study of **Economic Problems of Fisheries in Poor Countries** conducted by Prof. E. S. Kirby and Mr. E. F. Szczepanik at the invitation of the International Economic Association. The results of this research were presented by the authors as a paper before the Round Table on Fish-

eries, organized by the F.A.O. and I.E.A. in Rome in September 1956.

(ii) **Regional Research into the Functions of Middlemen and of the Cooperative Societies in the Production and Marketing of Fish.** This research was sponsored by the Food and Agriculture Organization of the U.N. and embraces the Universities of Bombay, Hongkong and Malaya with the possibility of extension to other countries of the Indo-Pacific Region. Mr. E. F. Szczepanik was invited by the F.A.O. to be in charge of the project. The research work is in progress.

(iii) **Regional Research in the Elasticity of Demand for Rice** sponsored by the F.A.O. Regional Office in Bangkok. Dr. W. F. Maunder was invited to participate in this research, partial results of which, referring to Hongkong, have already been submitted.

PUBLICATIONS

The results of individual research of the Department staff were published in the form of the following books and articles:

FU S.L.:

"Auguste Comte and Meta-Sociology", *Centenary Volume in Commemoration of the 100th Anniversary of Comte's Death*, Taipei, July 1957.

HSIA R.:

"Income, Accumulation and Consumption Envisaged in the Proposed Second Five-Year Plan of Communist China," *Economics and Finance in Indonesia*, Vol. X, No. 7 (July 1957).

KIRBY E. S.:

"India's Second Five-year Plan", *Far Eastern Economic Review*, Vol. XXI, No. 15 (October 11, 1956).

"Accountancy and the Universities", *Far Eastern Economic Review*, Vol. XXI, No. 17 (October 25, 1956).

"Higher Commercial Education: Hongkong's Needs", *Far Eastern Economic Review*, Vol. XXI, No. 19 (November 8, 1956).

"Communism and Power Politics", *Far Eastern Economic Review*, Vol. XXI, No. 25 (December 20, 1956).

"Modern Science and Economic Development", *Far Eastern Economic Review*, Vol. XXII, No. 11 (March 14, 1957).

"The Basis of Light Industry in China (I)", *Far Eastern Economic Review* Vol. XXII, No. 13 (March 28, 1957).

"The Basis of Light Industry in China (II): Foodstuffs and Miscellaneous Manufactures", *Far Eastern Economic Review*, Vol. XXII, No. 15 (April 11, 1957).

"The Basis of Light Industry in China (III): Light Industry in the First Five-Year Plan", *Far Eastern Economic Review*, Vol. XXII, No. 17 (April 25, 1957).

"The Basis of Light Industry in China (IV): Fulfilment of the Five-Year Plan", *Far Eastern Economic Review*, Vol. XXII, No. 21 (May 23, 1957).

"The Basis of Light Industry in China (V): Fulfilment of the First Five-Year Plan, 1953-57. Various Consumer Goods", *Far Eastern Economic Review*, Vol. XXII, No. 22 (May 30, 1957).

"The Basis of Light Industry in China (VI): The Present Crisis and Prospects", *Far Eastern Economic Review*, Vol. XXII, No. 23 (June 6, 1957).

"The Central Structure of Economic Planning in Communist China (I): Control Organs", *Far Eastern Economic Review*, Vol. XXII, No. 24 (June 13, 1957).

"The Central Structure of Economic Planning in Communist China (II): Executive and General Organs", *Far Eastern Economic Review*, Vol. XXII, No. 26 (June 1957).

The Sections on "Hongkong", "National Republic of China (Formosa)" and "People's Republic of China," in *Enzyklopaedisches Lexikon fuer das Geld, Bank und Boerswesen*, Vol. I, Fritz Knapp Verlag, Frankfurt-am-Main, 1957.

MAUNDER W.F.:

"National Income Measures and Welfare Comparisons", *Journal of the Economics Society*, Hongkong, 1956.

SZCZEPANIK E.F.:

"Post-war Changes in Hongkong's Trade", *Trade Bulletin* (July 1956), Hongkong.

"An Introduction to the Economic Analysis of Fishery in the Far East", *Economics and Finance in Indonesia*, Vol. IX, No. 7 (July 1956).

"The Cost of Living in Hongkong", Hongkong University Press, August 1956.

"Economic Trends in the Orient", *Economics and Finance in Indonesia*, Vol. IX, No. 9 (September 1956).

"The Embargo Problem", *The Hongkong Exporter and Far Eastern Importer*, 1956-57.

"An Exercise in the Computation of Hongkong's National Product", *Far Eastern Economic Review*, Vol. XXI, No. 21 (November 22, 1956).

"Financing the Postwar Economic Growth of Hongkong", *Far Eastern Economic Review*, Vol. XXI, No. 25 (December 20, 1956).

"Economic Trends in the Orient: Second Half of 1956", *Economics and Finance in Indonesia*, Vol. 10, No. 1 (January 1957).

"The Bottleneck of Hongkong Primary Industries, Part I: Forestry and Agriculture", *Far Eastern Economic Review*, Vol. XXII, No. 9 (February 28, 1957).

"The Bottleneck of Hongkong Primary Industries, Part II: Forestry and Mining", *Far Eastern Economic Review*, Vol. XXII, No. 14 (April 4, 1957).

CONTEMPORARY CHINA SEMINAR

The Department continued to conduct the Contemporary China Research Seminar, in which the following papers were read and discussed:

"Medical Problems in China Today" by Prof. Hou Pao-Chang.

"Water Conservancy Schemes in China" by Mr. T. J. Lindsay.

"Some Aspects of Sino-Soviet Relations" by Dr. D. Dallin.

"Communist China's Second Five-Year Plan" By Dr. R. Hsia.

"Problems of Bureaucracy in Modern Chinese History" by Prof. F. H. Michael.

"Marriage Laws of the Tsing Dynasty, the Republic of China, and the Communist Regime" by Dr. V. Y. Chiu.

"Assimilation Problems of the Overseas Chinese" by Mr. A. C. Palfreeman.

Some of the above mentioned papers as well as a number of contributed articles will be published in the forthcoming Volume II (1956-7) of *Contemporary China*. The Editorial Board of this Journal was constituted as follows: Editor—Prof. E. S. Kirby, Assistant Editors: Dr. R. Hsia and Mr. E. F. Szczepanik, Secretary—Dr. S. S. Hsueh, Members of the Editorial Board: Mr. S. L. Fu, Dr. W. F. Maunder and Mr. H. Vetch.

EXTERNAL RELATIONS

The Department became a member of the newly established Liaison Centre for the Economics Departments of South-East Asian Universities, with the headquarters in Singapore. The Department also continued to be a member of the UNESCO Liaison Centre for Social Studies in Calcutta.

In August 1956 Prof. Kirby attended the European Meeting of the Econometric Society in France.

Mr. Szczepanik in August 1956 visited the Universities of Malaya, Ceylon, Karachi and Bombay where he was invited to give a lecture on the **Capital Supply for the Development of Fisheries in Asia**.

In September 1956 Prof. Kirby and Mr. Szczepanik participated, as the University representatives, at the Congress of the International Economic Association in Rome.

Mr. S. L. Fu was representative of the University and of the Chinese Sociological Society at the 3rd World Congress of Sociology in Amsterdam (21st-30th August, 1956); he also attended the 21st General Assembly of the World's Student Christian Federation in Tutzing, Germany (9th-18th August, 1956) and the 51st Annual Conference of the American Sociological Society in Detroit, U.S.A. (7th-9th September, 1956).

In December 1956 Prof. Kirby, Mr. Fu and Dr. Hsia, in response to the invitation of the Chinese Association for the United Nations, the Academia Sinica and the Ministry of Education, made an educational and lecture tour in Taiwan.

Individual contacts were maintained through membership in the Royal Economic Society, American Economic Association, Econometric Society, Institute of Pacific Relations, Royal Institute of International Affairs, International Sociological Association and American Sociological Society.

Mr. T. A. Umar, from the Djakarta School of Economics, spent several weeks in the Department in the summer of 1956, studying the organization and methods of research. Mr. A. C. Palfreeman of the Australian National University, Canberra, spent several months in the Department in 1957, studying the problem of assimilation of immigrants in Hongkong.

Visitors to the Department during the session 1956/57 included the following:

Prof. J. P. Armstrong, Johns Hopkins University, Rangoon Hopkins Study Center.

Mr. A. Aziz, Lecturer in Economics, University of Malaya.

Prof. F. Bartz, University of Bonn.

Dr. P. T. Bauer, Reader in Commonwealth Relations, University of Cambridge.

Dr. O. Carmichael, New York State University.

Prof. Z. Cowan, Dean of the Faculty of Law, University of Melbourne.

Mr. D. Dallin, Stanford University.

Mr. J. S. Everton, Ford Foundation.

Prof. Q. Gregorio, Research Associates, Manila.

Mr. K. Heider, Department of Anthropology, Harvard University.

Mr. W. Kintner, Foreign Policy Research Institute, University of Pennsylvania.

Dr. C. V. Kulkarni, Director of Fisheries, Bombay.

Mr. T. Lehti, Agricultural Division, ECAFE/FAO.

Dr. P. M. A. Linebarger, School of Advanced International Studies, Johns Hopkins University.

Prof. W. M. Lockwood, Princeton University.

Dr. W. Malinowski, U.N. Headquarters.

Dr. K. Martin, Reader in Economics, University of Manchester.

Prof. F. Michael, University of Washington.

Mr. A. Niebieszcanski, Executive Director, The Paderewski Foundation, New York.

Dr. E. Ojala, Chief, Agricultural Division, ECAFE/FAO.

Mr. F. Rainey, Foreign Policy Research Institute, University of Pennsylvania.

Prof. P. N. Rosenstein-Rodan, Massachusetts Institute of Technology.

Prof. S. Y. Teng, University of Indiana.

Mr. M. Wachs, Cornell University.

Mr. E. R. Wilson, Quaker International Affairs Representative in Japan.

Dr. A. W. Wojcicki, Acting Chief, Division of Social Affairs, and Regional Community Development Officer, ECAFE.

Mr. T. Y. Wu, Research and Planning Division, ECAFE.

In Hongkong, contacts were maintained with a number of Chinese colleges. Prof. Kirby was invited to become a Vice-President of the Governing Body of the United College. At the request of the Government's Education Department Prof. Kirby and Mr. Szczepanik revised the syllabus of the commercial courses offered by the Evening School of Higher Chinese Studies. Mr. S. L. Fu gave a course of lectures in Sociology in this School as well as in the Chung Chi College.

Apart from the Government contacts mentioned earlier in this Report, Prof. Kirby was invited to act as the Head of Hongkong Delegation to the ECAFE conference in Bangkok in March (7th-28th) 1957.

Close contacts were maintained with various local social organizations by individual membership, delivery of lectures, advice and consultation, in particular in connection with the activities of the Hongkong Council of Social Services, United Nations Association, Christian Mission to Chinese Seamen, United Committee of the World University Service of Hongkong, Y.M.C.A., Y's Men's Club, Rotary Clubs and others.

PAPER MONEY IN MODERN CHINA (1900—1956)

CHINESE COMMUNISTS AS ISSUERS OF NOTES

By E. KANN

PART XXV

Within the period of 1931 to 1934 there existed well-organized Chinese Soviet armies in certain provinces. These armed bodies were of fluctuating strength. One source estimates the total of men under arms in 1932 at over 92,000.* As a consequence of various campaigns undertaken under the command of General Chiang Kai-shek against the Chinese Communists, the latter had to change their domicile rather frequently. Apparently those Communist forces were well organized and extremely frugal in their habits. They issued not only paper money in the shape of banknotes and bonds, but also maintained mints, where they produced silver and copper money. Amongst the silver coinage there were five distinct issues of one-dollar denomination; then there were two issues (dated 1933 and 1934) of 20-cents subsidiary coins; finally copper coins, calling for 1 cent, 200 and 500 cash.

Grouped in chronological order, the issue of paper money and metallic coins were the following as to area of issue and circulation:†

The Chinese Soviet Government of

- (1) Hunan Province;
- (2) Hupeh, Honan and Anhwei Provinces;
- (3) Kiangsi Province;
- (4) Fukien, Chekiang, and Kiangsi Provinces;
- (5) Szechuen and Shensi Provinces.

* The Nationalist attempts to suppress the Communist armies in China were described in the book "Suppressing Communist Banditry in China", published by "China To-day Series" (Shanghai, 1934), edited by Tang Leang-Li, who in 1939 turned traitor, going over to the Japanese invaders.

See "Chinese Soviet Coins and Notes" by G. Duncan Raeburn, published in the "China Journal" of March, 1937, No. 3. The article is excellent, but incomplete.

Only scanty information is available regarding the organization of the issuing Communist banks. And no inkling at all regarding the size of their emissions, as well as particulars pertaining to the redemption of their notes, etc. Whatever knowledge we possess about the coins and the fiat money circulated by the Chinese Soviet armies has been derived from the coins or notes themselves. These are the only witnesses of a phase in China's financial career, for the Soviets themselves have not seen fit to transmit to posterity particulars about their financial dealings. Here we shall be dealing with paper money only. All the notes described have been examined by the author, who is fully aware of the fact that not all the existing issues and varieties have come to his notice. Here only the paper money will be described which calls for dollars and cents in silver. Paper in copper cash denominations are being dealt with in the chapter "Copper Banknotes in China."

In enumerating the fiat money emitted by the Communist armies, we shall not be guided by provinces or districts, but by the names of the issuing banks. It is doubtful whether these ever functioned as banks in the generally accepted sense of the term, or whether they merely adopted names for the purpose of issuing paper money. The Chinese inscriptions on Communist notes, while differing in wording, often contain propaganda slogans; but actually these legends culminate in generalities, as for instance:

"This note is everywhere current and is secured by a reserve of 100%. It is issued because it is easier to carry paper in place of metal. Can be cashed at Refusal to accept these notes will be severely punished, as also will forgeries."

In the first section, under Government Banks (No. 11), will be found an elaboration regarding the Peoples Bank of China. But before same came into existence, numerous

temporary Red banks were functioning in China, in order to be dissolved after consolidation of the regime. These institutions, as far as they issued paper money, will be briefly enumerated here.

Interrelation of Note-Issuing Communist Banks

Although the aim of the rulers of Red China pointed toward integration and unification, it was not feasible to achieve this goal from the outset. But as soon as the position of the new rulers on the Chinese mainland had been consolidated, the Peoples Bank of China (from 1949 onward) made every endeavor to assume and maintain the role of the sole bank of issue. This policy was most successfully established, notwithstanding the fact that Communist banknotes in the various districts of China were variously valued, an "obstacle which was successfully surmounted by arbitrary decrees, fixing ratios of exchange.

During the unstable period there were between 30 and 40 Chinese Communist banks issuing fiat money. The interrelation of some of these note-issuing institutions is only known in part. But in the absence of full particulars one has to be content with partial indications. Such were published by Wang Ching-jan under the style of "A Brief History of the Peoples Currency" from which source it is cited here.†

Sequence of Unification of Principal Local Communist Currencies:

(253) WEST HUPEH PEOPLES & FARMERS BANK

Was first in issuing paper money in 1931, supplied by the hammer and sickle emblems. Denominations 10-cents and 20-cents.

(254) HUNAN, HUPEH, KIANGSI LABORERS & FARMERS BANK

Issued likewise fractional fiat money in denominations of 10, 20 and 50-cents, equally dated 1931.

(255) CHINESE SOVIET REPUBLIC NATIONAL BANK

Had an emission of 5 and 10-cents notes for Kiangsi Province, dated 1932. Here one also finds the 5-pointed star, plus hammer & sickle. There also was a 10-cent note, dated 1933, and showing the effigy of Lenin. Another such note came out, dated 1934. Furthermore, a banknote of 1933 was issued for 50-cents.

(256) NORTHEASTERN KIANGSI SOVIET BANK

Emitted paper in denominations of 50-cents and 1 dollar, both dated 1932. In the center of the 1-dollar bills

† See "Economic Weekly" No. 29, Shanghai (July, 1952), and the same journal Vol. XIII, No. 15, pp. 283-285, October, 1951. The foregoing table was reproduced by Yuan-li Wu in his "An Economic Survey of Communist China", New York, 1956.

Local Note-Issuing Agencies	Area of Circulation	Converted at	Ratio per J.M.P.
A. Shensi-Kansu-Ninghsia Border Region Bank	Northwest China (in the provinces indicated)	Issue stopped in January, 1948; replaced by D at par.	
B. Shansi-Chahar-Hopeh Border Region Bank	Shansi, Chahar & Hopeh Borders (North China and Inner Mongolia)	Freely exchangeable with C as of April, 1948 at the rate of 10 B to 1 C.	1000
C. South Hopeh Bank	Shansi, Hopeh, Shantung & Honan borders	Freely exchangeable with D as of October, 1948, at the rate of 1 C to 20 D.	100
D. Northwest Farmers Bank	Northwestern Shansi & Suiyuan borders (North-China & Inner Mongolia)	Consolidated with A in January, 1948, & freely exchangeable with C & B as of October, 1948, at the rate of 1 C to 20 D to 10 B.	2000
E. North Sea Bank	Shantung (East China)	Freely exchangeable with B & C as of October, 1948, at the rate of 1 C to 2 B.	100
F. Central China Bank	Kiangsu & Anhwei (East China)	Freely exchangeable with E as of November, 1948 at par.	100
G. Chung-chou Farmers Bank	Central China	November, 1949.	2
H. Great Wall Bank	Hopeh, Jehol & Liaoning. (North China, Inner Mongolia & Manchuria)	Conversion to February 1, 1949, at par.	
I. Northeast Bank	Manchuria		9.50 (April, 1951)
J. Kwangtung Bank	Port Arthur-Dairen area	Conversion to I in June, 1950, @ 270 I to 1 J.	
K. Inner Mongolia Peoples Bank	Inner Mongolia		9.50 (April, 1951)
L. Sinkiang Peoples Bank	Sinkiang		Y 350 to 1 Sinkiang silver \$ note (October, 1951)

is seen the Soviet flag with star, hammer and sickle. -Reverse: lengthy Chinese inscription in black type.

(257) SOVIET BANK OF FUKIEN, CHEKIANG AND KIANGSI PROVINCES

Was responsible for the issuance of a 10-cents note, dated 1933; in the center is seen a globe, superimposed by a red flag. Furthermore, a 1-dollar bill of 1933; globe with hammer and sickle. Finally, a \$10 bond in form of a bank-note; regulations appear at the back. The total amount involved was \$100,000, to be floated between July and September, 1934. Interest was 1% per month, payable with the principal in July of 1935. Proceeds were to be utilized in the following manner: 80% for conducting the war; 10% for administrative purposes; and 10% for the relief of wounded soldiers.

(258) SOVIET GOVERNMENT OF SZECHUEN AND SHENSI LABORERS AND FARMERS BANK

Issued a 1-dollar note, printed on cotton cloth and dated December, 1935. Exists also on paper of very poor quality and primitive printing. Obverse shows the portrait of

Stalin and the hammer-sickle emblem. In Chinese a slogan is to be found, reading in translation: "Rise and unite the proletariat of the whole world." In the center are seen a soldier and a farmer, marching together.

(259) KIANG Hwai BANK OF CHINA

As a sequel to the Sino-Japanese hostilities in 1937, Nationalist Government retired to Chungking in Szechuen. At that time the Communist forces were allied with the Nationalists, notwithstanding the fact that in previous years they had continuously been fighting each other, in order to show a united front against the Japanese invader. The new Fourth Army (stationed in Kiangsu Province) issued banknotes in 1941, displaying inscriptions in Chinese and English. The author saw a 1-dollar note of this group; and also another 1-dollar bill with the identical obverse, but with a differently colored reverse. The latter was surcharged with "5 Dollars", because in the Kiang Hwai district the Federal Reserve Bank yuan was then current, same having been exchangeable against 5 C.R.B. yuan. Other denominations seen were of 50 and 20-cents.

(To be Continued)

CHINA REALITIES

By Ricardo

During the past five years, Peking has been successful in its efforts to build up a facade of prosperity and strength. Foreign visitors, mostly invited by Peking, were impressed by Communists' achievements in the construction of new railroads, highways, water conservancy works and recently, the Yangtse River Bridge. But since early this year, the so-called "rectification" and "anti-rightist" campaigns disclosed the existence of hunger, disappointment, unrest and resistance in China. How reliable are "first hand" reports of foreign visitors? What is the real situation on the Mainland today? Will Peking be able to produce more grain and industrial crops?

Tourist Propaganda

The success of Peking's propaganda was achieved by interweaving facts such as the Yangtse River Bridge with unsupported and often false claims of achievements such as those made repeatedly by the State Statistical Bureau on industrial and agricultural production. Another contributing factor is that most foreign visitors had never been to China before the second world war; they knew very little of the China before Communists came to power and therefore readily took normal conditions in China as "achievements" of the new regime! A local British merchant recently returned here from a visit to Canton and reported: "People are not hostile, there is neither sign of contempt nor insulting remarks such as are usually met with when one wanders about a Chinese city. People are helpful and polite and everyone is well behaved. The behaviour of the people and their orderliness is most impressive. They are taught to speak quietly and respectfully to each other. . . . People are kinder to each other than elsewhere in the world. . . ." This gentleman had probably pictured China before Communists came to power as a country of barbarians! Any foreigner who had been to Peking, Tientsin, Shanghai and Canton before the war could confirm that the

Chinese have always been polite and their attitude towards foreigners has never been hostile except towards the Japanese during and immediately after the Occupation.

Another European tourist recently returned here from Shanghai with photographs of new construction works in China which he took during the visit. The collection included that of the Broadway Mansion built before the war! A young official guide had told him that the skyscraper was completed after the "Liberation."

Those who had been to China in the good old days, like Professor Kirby of the Hongkong University, are not easily impressed. On returning here after his China trip, Prof. Kirby reported, "In pre-Liberation times, dinginess or poverty had not at any rate invaded the spirit and outlook of the Chinese people. The love of chat and banter, the sense of humour, the zest for eccentricity, above all the enterprising confidence that life is full of chance and opportunity, so that the individual may change his own personal conditions tomorrow, all these are largely gone. Drabness has now been systematised." On building constructions, he said, "A good deal of new buildings has been completed but the extent of new building is not really above the world average; however it is useless to try to convince the New China devotees that the building boom is a world wide phenomenon, or that incomparably higher rates of development are to be seen in such places as Venezuela or North Borneo."

But there are relatively few competent and realistic observers like Prof. Kirby among those who recently visited China. The majority of those officially invited by Peking are easily impressed by various construction works. Furthermore they have neither the chance nor the wish to check every success claimed by their host. Peking's method of tourist propaganda is copied from Russian technique. Through many Red front organisations, foreigners are invited to visit China. After a 3-hour train ride from Hong-

kong to Canton, guests are comfortably accommodated in the best hotel in town. Credentials and baggage are not checked; passports are collected by China Travel Service at the Hotel and later returned with visas duly stamped. Guests therefore form the first impression of efficiency and courtesy. They are then provided with special facilities to visit various construction sites and industrial centres and then fed with figures of production and other statistics. Peking's control of media of communications prevents these guests from visiting places where they are not welcome. According to Prof. Kirby's estimate, Peking spent about £750,000 or HK\$12 million in 1955 on tourist propaganda.

Conditions in China

The real situation in China however could be assessed from information unintentionally provided by the People's Daily published in Peking, from reports filed by British and European correspondents in China and from the Chinese who came here to visit their relatives or returned from their homes in Canton, Shanghai and other cities.

It is true that many new railroads, highways, factories, bridges, mines, water conservancy works and power stations have been completed during the past 5 years. These are however only normal developments which could be carried out by any government under peaceful conditions. Furthermore, with the exception of a few large projects such as Yangtse River Bridge, other accomplishments are not as impressive as Peking has claimed. Early this year, a conference of factory superintendents of the Ministry of Power Equipment Industry drew up a programme calling on all enterprises to strengthen "strenuously" their technical work which had lagged far behind and to eliminate the excessive quantity of rejected products which during the year amounted to a loss of 5.7 million yuan.

This plight exists in other industries. An editorial in Peking People's Daily (PPD) on April 28, 1957 called attention to the alarming fact that many factories are now producing inferior goods and pointed out that in Shanghai the quality of 45 out of 170 items of light industrial and cotton textile products is lower than that produced last year. In Mukden, 35 major items, including enamelware, rubber footwear and paper, deteriorated in standard. Analysing the situation, the paper listed following causes: (1) in some cases, quality of raw material is inferior to that of 1956; (2) in most factories there is no system of standardization; (3) in many cases economy in the use of raw material is carried to excess; and (4) in general, workers ignore the quality factor because they are anxious to fulfil and overfulfil their quotas. The editorial therefore urged, "The best way to economize consumption of raw material is to produce a product which can last a long time; conversely, the raw material used is completely wasted if a product can not be used."

Visitors who marvelled at the bridges and dams also fail to see the human sacrifice behind these achievements. At the end of 1951, Minister of Water Conservancy Fu Tsoyi indicated that an average 5 million persons were being mobilized annually to work on water conservation projects. The official Hsinhua (New China) News Agency reported on May 16, 1955 that between February and May that year, 4.4 million 'civilian' labourers had worked on the Yangtse River dikes. Millions of 'mobilized' civilians took part in the construction and maintenance of all highways and railways throughout the country. According to PPD of September 21 1957, security police rounded up 81,000 "enemies of the People" during the 2-year period ended last September. PPD's figure is probably an underestimate and judging from the way 'poisonous weeds' are handled during the anti-

rightist campaign, millions are probably being forced into corrective or 'reformatory' labour right now.

The way Communists are sacrificing human being in colossal construction works is as contemptible as the method used by the first Emperor of Chin Dynasty to conscript labour for the building of the Great Wall. Just as the Great Wall failed to stop the invasion from the north under which excuse the Chin Emperor justified his adventure, the industrial expansion in China today did not, nor will it in the foreseeable future, improve the livelihood of the people. And to improve that livelihood the Communists are enslaving the people on the Mainland.

Although Peking repeatedly claimed an increase in output of cloth, people in China have recently been required to cut their consumption of cotton cloth. The slogan is, "If you can do without it, do not make that new dress!" PPD's editorial explained that the shortage of cloth was due to the bad cotton crop last year on account of natural disasters. No mention was made about the large quantities of cotton cloth being shipped to Hongkong, SE Asia and Britain.

In the April 27th issue of PPD, the shortage of sugar, dairy products, canned food, egg products was reported and the paper suggested that the public should consume less while urging the food manufacturing industry to find ways and means to increase their output. Readers were not told that Chinese canned food is flooding markets in SE Asia, that consignments of egg products are shipped to countries in Europe and that sugar is now offered to Hongkong.

On grain consumption, PPD on September 2 1957 urged the urban population to eat less figuring that if every city dweller eats one or two catties less every month consumption by China's urban population would be 2,000 million catties less every year. The shipment of 200,000 tons of rice to Ceylon this year was not mentioned. Reports from Canton revealed that rice ration in Kwangtung Province was recently cut by one catty per month; sweet potatoes are now offered to the urban population to substitute the missing catty of rice. Mr. F. J. Erroll (Parliamentary Secretary to the British Board of Trade) who recently returned here from his China visit also confirmed that he was told that people in Shanghai are given rice for 25 days and potatoes for 5 days.

The shortage of daily necessities inevitably stimulates commodity prices. A British businessman (very favorably disposed towards Peking) who had recently visited Canton reported on return that in Canton, "some shops are open and some closed. No excessive quantities of goods are available, but practically everything can be bought at prices about 2½ times higher than those in Hongkong; food prices in restaurants there also are high." According to a report published in PPD on April 30 1957, government officials had explained the rise of prices as follows: "Price of pork rose by 7% because Government had increased the state purchase price from farmers by 13% to encourage breeding of hogs. Prices for vegetables advanced over those during same period in 1956 because production lagged behind the demand. Woollen piecegoods, high grade cigarettes, salt and edible oils also registered price gains because demand had increased. In the case of metalware and other light industrial and handicraft items, the price increase was caused by inadequate supply of raw materials such as bamboo and timber." In short, there is general scarcity.

From above facts it can easily be appreciated why smuggling of consumer goods from here and Macao to China had been very active during the past two years. According to Customs at Canton and other Kwangtung ports, the Chinese Government had suffered a loss of HK\$1,600

million in revenue as a result of black market remittances and smuggling activities between 1950 and 1956. Smugglers bring into China almost anything including: tooth brushes, fishing lines, woollen piecegoods, pharmaceuticals, watches, fountainpens nibs and hundreds of common daily necessities. Even after "exploitation" by smugglers these goods are sold in China at prices much cheaper than inferior Chinese goods. The active smuggling trade also depressed the exchange rate for Chinese currency in Hongkong market. At present the official rates for remittance are: from Hongkong to China, HK\$100 for 42.70 Yuan; from China to Hongkong, 100 Yuan for HK\$234.19. The black market rates are: HK\$100 for 55/60 Yuan and 100 Yuan for HK\$143 respectively.

On 'anti-revolutionary' activities, PPD on September 21 1957 reported that during the past two years, organized anti-revolutionary groups in Chekiang, Shantung, Hopei and other areas had attacked Communist Party Headquarters and murdered officials and cadres. Over 80,000 spies and saboteurs were rounded up and in addition, 1,300,000 persons who had doubtful background were scrutinized. During the same period, 57 secret broadcasting stations were tracked down and 10,887 rifles and revolvers together with 525,400 rounds of ammunitions were seized. Farm uprising and spontaneous outbreak of mob violence on account of discontent are all considered by Peking as planned revolt instigated by American-backed (no longer credited to Kuomintang) spies. The extent of these uprisings is actually worse than Peking cares to admit.

There are therefore unpleasant conditions in China which foreign visitors could not possibly detect during a short stay in the country. Even British correspondents stationed in Peking and Shanghai could not see the whole picture of China because their activities are restricted. A Reuter correspondent recently reported from Peking, "Far from an improvement in working conditions in the past 18 months, non-Communist correspondents here report that the position has become worse since the rectification campaign was started. This is attributed to an increase in bureaucracy as a result of the drive against bureaucratic practices, combined with little time to do anything else. Certainly, in the past few months, postponements, evasions and demonstrable falsehood in reply to questions and requests for interviews or visits have increased."

Population Growth & Farm Output

Mad with the shortage of grain and other consumer goods in China, Peking planners only recently discovered that the increase in population had been the cause of all the trouble. At the present rate of growth (13 to 15 million every year), China's population will reach one billion, or two-fifths of all the people in the world by 1980. The authorities are now urging the population to practise birth control. But the pressure on the supply of food and consumer goods could not be eased immediately. Furthermore there is opposition to birth control among the majority of the population especially in rural areas.

Peking therefore attacks the core of the problem by launching an all-out campaign to increase agricultural output. Students, intellectuals, party members and all surplus labourers are now mobilized to help farmers to grow more grain and industrial crops. Peking is confident that through the tight control over farm cooperatives, agricultural output could be greatly increased next year and has even predicted that the per hectare yield of grain will be increased from 3,000 to 6,000 kilogrammes in areas south of the Huai River and from 1,560 to 3,550 kilogrammes in areas south and north of the Yellow River; and that of cotton from the national average of 262.5 kilogrammes to

300, 450, 600 and 750 kilogrammes in areas of different natural conditions.

In organising peasants into agricultural cooperatives, Peking was very successful. Although the socialization was on a 'voluntary' character, measures were introduced to give farmers no other choice but to join the co-operatives. But one factor is beyond the control of the Communists—the productivity of individual farmers. As early as November 1955, Peking realized that pressure had to be applied to farmers in order to make them produce more but eat less. Carefully chosen cooperative cadres were given short term special training and dispatched to various countries to act as watch dogs in carrying out Party resolutions faithfully. But the unwillingness of peasants further rose from 1955 onwards after the headlong drive for complete rural collectivization.

Another national programme for agricultural development during 1957/58 drafted by the Communist Party was recently issued for national discussion two months ago. Following national discussion, the new draft will go for approval to the Communist Party Congress, then to the State Council and finally to the National People's Congress. The programme covers agricultural production, peasants' living conditions, pest control and hygiene, afforestation and political questions in rural areas. Heading the 40 items of the programme is consolidation of the agricultural producers' cooperatives as far as possible within the second 5-year plan period ending 1962.

Will this directive succeed in increasing farm output after all efforts in 1955 had failed? Peasants are unhappy mainly because they are earning less and eating less than workers. Beginning last October, discussions were conducted in farm cooperatives throughout the country under supervision of party cadres. Without exception all agreed that farmers are eating and earning less than workers but every meeting was summed up by some progressive element with more or less the same argument emphasizing that workers' productivity is higher and their contribution to industrialisation of the country is bigger than farmers. When one bold farmer challenged to compete with any worker in growing food and industrial crops he was counter-challenged by a progressive farmer, "Can you build airplanes and automobiles? Do you know under which mountain there are deposits of iron and other wealth?" Farmers will therefore continue to eat less and earn less than workers for many years to come.

Another "capitalist" tendency of farmers which Peking is trying hard to discourage is the desire to own personal properties including the land. This can be best illustrated by the story of a beggar in Hupeh. This beggar whose family name is Liu was given land and house after the 'liberation'. To beggar Liu this was real liberation and he responded with faithful service to the Party by playing a very important role in land distribution and in the liquidation of landlords; he was later admitted to the Party and got married. The Party then dispatched him to other provinces to lead land distribution and landlord liquidation work but somehow Liu's work was less active than before, and during the cooperative movement he was most pessimistic. Then finally during the recent rectification campaign Liu shocked his superior by leading the attack on Communism! With the same vigour with which he once accused the landlords for depriving him of land and food, he now charged that the Party did not allow him to have his own land, that he was unable to keep the grain which he had saved throughout the year in order to sell it on the free market at a better price for the repair of his house, that he was not much better off than when he was a beggar. The Party immediately turned the heat on him and Liu

finally gave in and confessed in tears that he should not have criticised the Party, that his living condition is far better than before. He admitted that he was unwilling to give up the land because he had so carefully nursed it and furthermore it was the best piece of land in the area. Finally he said, "I was wrong to dream of the life of a rich peasant which I had envied when I was a beggar."

This story was published by a paper in Hupeh and reprinted in other publications throughout the country including the PPD which commented that the Party had definitely improved the life of the poor but people like the ungrateful Liu easily forgot their miserable past. The People's Daily also pointed out in an editorial that the trouble is the "growth" of individualism. These reports and editorial comment reflect discontent even among privileged party members such as ex-beggar Liu.

On the problem of food shortage, PPD reported: "There are many Agricultural Producers' Cooperatives (APCs) in Shansi which, because of their opposition to the government policy of uniform purchase and sale of foodgrains, have made false announcements of reaping bad crops. Some have altered their measures and scales, making 150 catties register only 100. Some peasants, when harvesting the wheat, have purposely dropped a great deal in the fields to be picked up by other members of the APCs afterwards. Then they divide the extra amount equally among all members. Others in thrashing the wheat have intentionally left plenty of grain on the stalks. After declaration to the authorities, the members of the APCs regather the wheat

and thrash it again. In this way they get more foodstuff for their private consumption or sale on the free market." This report was followed by a number of articles and editorials which unanimously concluded that there was no grain shortage and further charged that reports on the shortage of grain were fabricated by rightists!

Peking therefore announced that the job now is to persuade peasants to put the State first and themselves last, "The food grain problem is completely a test for every APC member and cadre as to who genuinely supports socialism and who genuinely loves the country. This is a practical test with which verbal expression of attitude bears no comparison. For the sake of building our great socialist fatherland, we must resolutely overcome all sorts of erroneous thoughts, increase the quantity of grain collection, reduce the sales of grain, and increase the State reserves of grain so as to enable us to cope with possible disasters and other difficulties."

Peking is further tightening the screw on discontented peasants; but it remains to be seen whether Peking could, by socialist education, make them sweat more but eat less. Peking has realised the danger of the "growth" of individualism not only in the countryside but also in cities and even among Communist Party members, and is therefore tightening control over the whole population; almost half of the population have been condemned as rightists. The fact remains that "individualism" is born with every human being; it might be temporarily suppressed but can never be destroyed!

ECONOMIC DEVELOPMENTS IN SOUTH KOREA

During 1956 the major economic difficulties of southern Korea, confronted with the two severe tasks of defence and reconstruction, were slightly alleviated. A larger inflow of foreign aid helped to increase production and meet essential consumption needs, thus narrowing the gap between production and demand in certain sectors and slowing down the rate of rise in prices. Despite certain improvements, government revenues for the fiscal year 1955/56 did not meet government expenditures. Defence and reconstruction requirements were met largely by external aid and partly by deficit financing. Exports, which rose, paid for 7 per cent of imports (including aid imports) in the first six months of 1956. It appeared that substantial external aid would continue to be needed for some time, until the country's economy could achieve both internal and external equilibrium.

Development and Production

Development: The new Five-Year Plan for achieving viability for the country's economy, though already partly implemented, continued to be regarded as tentative. Total expenditures under this Plan during the five-year period (1956-1960) were estimated at \$1.7 billion. Of this total, a sum of \$680 million, or 40 per cent, was programmed for capital investment projects; the remainder for consumer goods and raw materials. Of the total for capital investment projects, more than a half was allocated to the rehabilitation of economic and social facilities, such as power, transport and communications, education and health; about one-third to industry and mining; and the remainder to agriculture, forestry and fisheries. Among industrial projects, emphasis appeared to be laid on the development of those which could contribute to reducing import requirements—notably fertilizers, cement and oil refining.

Production: The gross national product at constant prices (1952/53=100) was estimated to have increased by nearly 5 per cent in the year ending June 1956. Owing to progress in implementing rehabilitation projects, there was a general increase in production, particularly of coal, power, textiles and other consumer goods. Gross domestic investment, in both the private and the public sectors, showed a moderate increase, and was estimated at about 10.5 per cent of the gross national expenditure in 1955/56.

Agricultural output: Agricultural production, which has constituted about 40 per cent of the gross national product in recent years, has continued to increase moderately since the end of the Korean conflict. However, in 1956 compared to 1955, production of paddy is estimated to have fallen by 14 per cent to 2,615,630 tons because of damage to crops by typhoons in the plains areas and low temperature near the harvest season in the mountainous districts. In 1956 production of summer grains (barley, naked barley, wheat and rye) was higher by 6.4 per cent than in 1955, though 11.4 per cent lower than the record 1954 crop. Overall production of food crops showed a moderate increase over the level prevailing before the Korean hostilities; on a per capita basis, however, it was lower than in 1949 on account of the inflow of refugees and the high rate of natural increase in population. In order to help meet growing domestic requirements, a large volume of food grain was imported under various aid programmes. The transformation of southern Korea from a food surplus area before the Second World War to a food deficit area in the period after the Korean conflict was of special significance to an economy whose agriculture provided the means of livelihood for over 70 per cent of the population.

The Agricultural Bank, whose primary purpose is to encourage farm production, land reclamation and irrigation,

was established in May 1956, taking over the business of the former Federation of Financial Associations and local financial associations. In addition to its authorized capital of 3 billion hwan (of which 750 million is paid up), it is authorized to borrow from the Government and the Bank of Korea and to issue debentures. Its head office is in Seoul and it has 162 branches and 388 sub-branches in different provinces.

There was some improvement during the year in forestry, livestock and fishery production. Fishery output, though contributing only about one per cent to the gross national product in recent years, has been important as a source of export earnings. Its recovery in the period immediately following the Korean conflict was rather slow, owing largely to the shortage of fishing vessels. However, upon the completion of the joint programme with the United Nations Korean Reconstruction Agency (UNKRA) for fishing boat construction and repair, total output of marine products in 1956 (about 287,000 tons, assuming continuation of the rate established in the first five months) was expected to show a considerable increase over the 257,300 tons of 1955 and nearly to reach the 1949 level of 300,000 tons.

Mining, industry and transport: Mining, though accounting for only about 1.4 per cent of the gross national product in recent years, constituted the most important source of export earnings. As a result of rapid rehabilitation, production of minerals in 1956 rose far above the 1949 level and showed increases over 1955 in many cases.

Coal production has risen steadily since the end of the Korean conflict, reaching an annual rate of 1,768,000 tons in the first ten months of 1956. In order to meet growing requirements, the Ministry of Commerce and Industry has drafted a Five-Year Plan to raise coal output, mostly anthracite, to 4,333,000 tons by 1960, with a view to replacing imports of bituminous coal and other fuels used for railways, power plants and factories, and thereby economizing exchange outlays.

The output of tungsten, which had fallen sharply in 1954 as a result of the expiration in March of the agreement with the United States, recovered to some extent in 1956. Tungsten has been sold in the world market since January 1955 under a system of international auctions.

Production of gold, silver and copper showed large gains in 1956, owing partly to the fact that a new 100-ton smelter at Chang Hang began operating in June 1955. Since October 1954, the Bank of Korea has been purchasing gold at the price of 854 hwan per gramme, which is considerably lower than the market price; as a result most of the gold output has gone into the market instead of the Bank of Korea. Production of amorphous graphite, exported mostly to Japan, declined in 1956.

Total power generated in the first ten months was at an annual rate of more than a billion kWh, as against 880 million kWh in 1955, chiefly because of a rise in thermal power. Of the two United Nations power barges which had supplied over one-fourth of the total power in 1953-1955, one left the country and the other was under repair in 1956. The consequent loss in generating capacity was more than offset by the expansion in thermal power generation, mainly through completion (with ICA aid) of three thermal power plants with a total capacity of 100,000 kW. It was estimated that total dependable generating capacity would reach 200,000 kW in the first quarter of 1957, when three 25,000 kW thermal units were scheduled to begin operations.

Manufacturing has contributed about 11 to 13 per cent of the gross national product in recent years; it is concen-

trated in textiles, food and beverages, whose combined output in the year ending October 1955 accounted for about 56 per cent of the total value of manufacturing output. In 1956, production in many lines was substantially above the level prevailing before the Korean conflict. As compared with 1955, gains were reported in 1956 in the production of cotton textiles, sugar, soap, tobacco products, and copper wire, with however declines in several others. The expansion in manufacturing output has resulted largely from increased imports of raw materials and machinery and from more power, though the irregular supply of raw materials and high interest rates have continued to hamper many lines of production.

Progress in the rehabilitation and construction of large-scale factories, with financial aid from UNKRA and the United States, has been slow because of administrative and other difficulties. These factories included the Chungju area fertilizer plant, to be completed in March 1958; the Mung-yung cement plant, with a planned annual capacity of 200,000 tons, to be completed in July 1957; the Inchon glass plant, with annual output of 120,000 cases on completion in December 1956; the restoration of the Inchon explosives plant, to be completed by the end of 1956; the restoration of the Ulsan oil refinery; the rehabilitation of the Dai Han heavy industry installation, for the production of 36,000 tons of steel; and a second fertilizer plant.

In transport, construction work on five new industrial lines of the National Railway was completed between September 1955 and May 1956. These included the Munk-yong line, to aid in developing the Unsong coal mine (completed in September 1955); the Yongam line (December 1955); the Yongwol-Chodong line; the Chungbuk-Mokhyang line (April 1956) to connect the central line with the western industrial area where the Chungju fertilizer plant has been under construction; and a short extension of the Samchok-Hujin line (May 1956).

Railway freight and passenger traffic carried by the National Railway in the first six months of 1956 rose 20 and 15 per cent, respectively, over the corresponding period of 1955. A large part—30 per cent or more—of both freight and passenger traffic was for military requirements.

Trade and Payments

Compared with 1955, when a substantial drop in visible exports occurred, the value of exports in the first six months of 1956 showed a substantial increase though still much lower than in the corresponding period of 1955. Commercial imports in the first half of 1956 were lower than in the corresponding period of 1955, but aid imports increased appreciably. Thus, there was a 5 per cent rise in the overall trade deficit, but a 65 per cent fall in the commercial deficit, in the first half of 1956, compared with the corresponding period of 1955. In the first six months of 1956, the value of exports was only 7 per cent of the import value, and the value of aid imports constituted 87 per cent of the total value of imports.

Among commercial imports in the first six months of 1956, manufactured goods, consisting of materials (37.6 per cent of total imports), chemicals (16.0 per cent), food (14.2 per cent) and machinery and transport equipment (10.3 per cent) constituted 78 per cent of commercial imports, compared with 80 per cent in 1955. The share of Japan in total imports fell from 43.1 per cent in 1954 to 16.1 per cent in 1955 and 13.6 per cent in the first half of 1956. Imports from the United States and Hongkong in the first half of 1956 (31.8 per cent and 8.5 per cent of the total, respectively) were also lower than in 1955 (36.6 per cent and 13.2 per cent), while imports from other countries rose from 34 per cent to 46.1 per cent of the total.

Exports, Imports and Trade Balance of South Korea
(millions of dollars)

Period	Exports	Imports		Total	Balance	
		Commercial	Foreign aid*		Commercial	Total
1953	39.6	153.6	193.5	347.1	—114.0	—307.5
1954	24.2	93.9	147.3	241.2	—69.6	—216.9
1955	17.6	82.5	245.3	327.8	—64.9	—310.2
1955, First half	7.7	38.5	129.1	167.6	—30.8	—159.9
1956, First half	12.6	23.3	156.8	180.1	—10.7	—167.5

* Including relief imports.

Exports from southern Korea were chiefly crude minerals (mainly tungsten) whose share in total exports rose from 75 per cent in 1955 to 81 per cent in the first half of 1956. Exports of tungsten have risen to some extent since the opening of international tenders in early 1955. Exports of rice, the largest source of foreign exchange receipts before the Second World War, have continued to decline in post-war years. The fall in exports to Japan, from \$4.5 million in the first half of 1955 to \$3.2 million in the first half of 1956, was more than offset by a rise in exports to the United States, Hongkong and the rest of the world, from \$4.5 million to \$10 million during the same period. A treaty of friendship, commerce and navigation was signed with the United States in November 1956.

The volume of external economic aid has been a major factor in the economic situation. Exclusive of direct military aid, external assistance to the Government totalled slightly over \$1.5 billion between June 1950 and June 1956. By the end of June 1956, the amount available from the United Nations Korean Reconstruction Agency reached \$139 million. United States aid for the support and rehabilitation of the economy amounted to \$806 million through the International Cooperation Administration (ICA) and its predecessors, and \$58.8 million in the form of surplus agricultural commodities. Under the programme for Civilian Relief in Korea, handled by the Korean Civil Assistance Command, economic aid amounting to \$427 million was received by June 1956. Another sum of \$39 million came under the programme of the Armed Forces Assistance to Korea. International voluntary agencies supplied about \$39 million in direct relief.

There appeared to be need for closer coordination of programmes and their implementation; and there has been considerable delay in the actual arrival of goods from the United Nations and the United States. However, the volume of aid arrivals has increased considerably, from \$147 million in 1954 to \$244 million in 1955, and at an annual rate of \$287 million in the first six months of 1956.

Aside from the foreign economic aid mentioned above, receipts from United Nations and United States forces in southern Korea, mainly through sale of local hwan currency for dollar exchange, were of major importance in the country's balance of payments. From 1953 to mid-1956, such receipts totalled \$122 million, compared with export earnings of \$94 million. However, there has been a sharp decline in such receipts since August 1955, owing largely to devaluation in the official exchange rate of hwan currency, from 180 to 500 to the dollar. Receipts from United Nations and United States forces declined from \$34.0 million in the first half of 1955 to \$9.2 million in the second half, and remained at the latter level in the first half of 1956.

The net deficit on current transactions in goods and services, caused primarily by the trade deficit, continued to increase in 1956. In the first six months of the year, it amounted to \$160 million, compared with \$135 million in

the first half of 1955. Increasing arrivals of aid goods, however, served to offset the increase in the net current deficit, and at the end of September 1956, gold and foreign exchange holdings of the Bank of Korea, at \$98.5 million, were virtually unchanged from their level at the end of 1955.

Finance and Prices

Public Finance: The 1954/55 budget covered the fifteen-month period from April 1954 to June 1955, on account of a change in the fiscal year. In June 1956, the fiscal year was again changed, to conform with the calendar year. As a result, the 1955/56 budget ultimately covered an eighteen-month period, from July 1955 to December 1956.

The budget consists of a general account and special accounts. The general account records tax and other revenues, and expenditures for the ordinary functions of government; while the special accounts cover reconstruction, defence, and the operations of revenue-producing government enterprises, such as the railway, communications, the tobacco and salt monopolies, and similar items.

The basic features of public finance in the period since Korean hostilities have been the predominance of the defence outlay and the increasing outgo for economic reconstruction, on the expenditure side; the high degree of dependence on counterpart funds from foreign aid to finance defence and reconstruction, on the revenue side; and continued budget deficits.

With the devaluation in the exchange rate of hwan currency in August 1955 and its effects on the valuation of aid goods, the budget for the fiscal year 1955/56, which had originally been submitted to the National Assembly in June 1955, was revised in mid-December, calling for cancellation of scheduled increases in fees and prices charged by government enterprises and in salaries of government employees. Further changes of a minor character were made in the first supplementary budget, approved on 18 February 1956 by the National Assembly. When, in the process of aligning the fiscal year with the calendar year, fiscal 1955/56 was extended through December 1956, a second supplementary budget was approved by the National Assembly in August 1956. Owing to changes in accounting methods, the figures for expenditures and receipts for 1955/56 are not comparable with those of earlier years. Furthermore, the second supplementary budget, covering the half-year period from July to December 1956, was probably tentative, because the magnitude of United States aid for the United States fiscal year beginning 1 July 1956 was not known when the estimate was made.

In the fiscal year ending 30 June 1956, government expenditure rose by 1.1 times to 260.5 billion hwan, but government revenue increased by only 31 per cent to 90.7 billion hwan, thus giving rise to a deficit of 169.8 billion hwan financed largely by counterpart fund receipts. Expenditures on defence account continued to be the most significant item on the expenditure side, although their ex-

pansion was checked, largely by the cancellation of salary increases, mentioned above. In 1955/56 (to June 1956), defence outlays amounting to 69.9 billion hwan constituted 26.8 per cent of total government expenditure. Increased counterpart fund receipts enabled the Government to allocate a substantially higher amount for economic reconstruction (27 per cent of total expenditure) and for loans to industry and agriculture (20 per cent). The supplementary budget to cover the period June to December 1956, adopted in August, showed a higher proportion going to defence and lower proportions to reconstruction and loans to industry and agriculture, owing to the fact that much smaller receipts were expected to be derived from the counterpart fund. Thus, the over-all budget for the eighteen-month period July 1955 to December 1956 showed a higher percentage of budget deficit in total government expenditure than that for the preceding fiscal year, though with greatly increased allocations for economic reconstruction. Indeed, "normal revenues are clearly inadequate to meet the costs of either maintaining the present defence forces, or of financing the local costs of the economic rehabilitation programme."

Consolidated Budget of the Central Government
(Billions of hwan)

Item	July 1955- June 1956	July- December 1956	Total
Expenditures:			
Administration*	61.6	33.4	95.0
Defence†	69.9	39.5	109.4
Net deficit in special accounts‡			
Grain control	6.4	14.4	20.8
Transport service	—	2.2	2.2
Communication services	0.9	1.2	2.1
Office of supply	0.8	3.5	4.3
Economic rehabilitation§	70.5	14.8	85.3
Loans to industry and agriculture	50.4	14.4	64.8
Total, expenditures	260.5	123.4	383.9
Revenue:			
Taxes			
Internal taxes	48.9	25.1	74.0
Land tax	7.9	3.9	11.8
Customs	15.0	8.6	23.6
Monopoly profits	7.7	2.3	10.0
Lotteries	1.4	—	1.4
Other revenue	9.8	13.3	23.1
Total, revenue	90.7	53.2	143.9
Deficits financed by			
Vested property**	10.6	1.9	12.5
Counterpart fund	148.5	34.2	182.7
National bonds	9.0	4.5	13.5
Industrial Recovery Bonds	7.9	10.9	18.6
Borrowing from Bank of Korea	—6.2	18.9	12.7
Total	260.5	123.4	383.9

* From the general account, covering economic services, social services, other current expenditures, subsidies and contributions to provincial and local governments.

† Financed from the general account surplus and counterpart fund.

‡ A part of the deficit in Communication Services and Grain Control are met by transfer from General Account, while the rest of the deficit in Grain Control and all the deficits in Transport Service and Office of Supply are met by borrowing from the Bank of Korea.

§ Financed by proceeds from the counterpart fund.

¶ Financed by proceeds from the counterpart fund and Industrial Recovery Bond.

** From the general account.

¶ 9.8 billion hwan for July 1955-June 1956 and 1.9 billion hwan for July-December 1956 were frozen for release in the following fiscal year.

Money and prices: During the first half of 1956, the money supply rose by 5.5 billion hwan, or 6 per cent, compared with an increase of 7 billion hwan, or 12 per cent, during the corresponding period of 1955. Because of the increased arrival of aid goods and the consequent increased availability of counterpart fund receipts, the Government considerably reduced its net overdraft (overdrafts minus deposits) at the Bank of Korea, while government securities held by the Bank of Korea and other banks showed a slight increase during the first half of 1956. Increases in savings and time deposits also served to slow down the expansion in money supply. During 1955 and the first half of 1956, the most significant factor contributing to the expansion of money supply was the increase in loans by banking institutions to the private sector. Despite various counter-inflationary measures, such as direct credit control under a "loan ceiling" system and a rise in the minimum reserve requirement for current deposits (from 15 to 25 per cent in 1955), outstanding loans of all commercial banks to the private sector increased by 18.3 billion hwan, or 60 per cent in the first six months of 1956, compared with an increase of 8.4 billion hwan, or 43 per cent, in the corresponding period of 1955. Borrowing of all commercial banks from the Bank of Korea showed a sharp rise, amounting to 9.4 billion hwan, or 72 per cent, in the first six months of 1956. Thus about one-half of the total increase in commercial bank loans was financed by the creation of inflationary credit through borrowing from the central bank. Outstanding loans of the Korean Reconstruction Bank (for long-term investment) and the Agricultural Bank also continued to expand.

Trends in price movements in southern Korea continued to be inflationary during 1956, though at a slower rate than in 1955. The wholesale price index in Seoul rose by 48 per cent in the first eight months of 1956, compared with a rise of 65 per cent during the corresponding period of 1955. A rise of 109 per cent in the group index for food grains, which accounted for 39 per cent of the whole in computing the index, was largely responsible for the rise in the general index, though in the corresponding period of 1955, the rate of rise was higher—142 per cent. The trend in the group index for meat, eggs and fish was similar to that in food grains; it rose 39 per cent, compared with 25 per cent for the corresponding period of 1955. Under the agreement between the Bank of Korea and the United States, fertilizer imports under the aid programme have been priced to reflect the new exchange rate of 500 hwan to the dollar. Between August 1955, when the new exchange rate was adopted, and August 1956, the price index for fertilizers went up by 538 per cent. The rate of increase in other commodities slackened considerably in the first eight months of 1956, as compared with the same period a year before, owing to the arrival of more aid goods and the rise in domestic production. There was a decline in the group indexes for fuel and miscellaneous items. Retail prices showed a similar trend in the first eight months of 1956, with a somewhat lower rate of increase than wholesale prices.

The index numbers for wages of labourers in Seoul continued to rise in the first six months of 1956, although the rate of increase was somewhat slower than in the corresponding period of 1955. Wage movements varied considerably according to industry and occupation. Between June 1955 and June 1956, the rate of increase was highest in the chemical, building, and machine and tool industries, followed by textiles, ceramics, and clothing and accessories, while there was a decline in the printing and book binding, and lumber and furniture industries.

DEVELOPMENTS IN SINGAPORE

New Political Chapter

On November 1st began Singapore's most fateful year as it will contain as much political activity as any community can absorb. On that day began the Registration of Citizenship, and those who register before the end of January will have their names included in the register of electors for the election next year for the Legislative Assembly under the new constitution. On November 18th will be nomination day for the City Council Elections which will be held on December 21st. Next April will follow the Rural District Council elections, and finally the Legislative Assembly elections about October. In all these bodies there will be an increase in the number as well as the proportion of elected members. The City Council which now has 18 elected members and 9 nominated members under the chairmanship of an official President, will have a purely elected membership of 32 under the Chairmanship of an elected Mayor. In place of the Rural Board and the 7 entirely nominated Rural District Committees of the present, there will be three Rural District Councils each with 12 elected members and 3 nominated members under an official Chairman. While the present Legislative Assembly has 25 elected members, along with 3 ex-officio members and 4 Nominated Members, the new Assembly will have 51 members, all elected, and presided over by a Speaker of their choice. All these changes will mean that the number of members elected to public councils will increase from the present 43 to 119. These are the 119 who will make or mar the immediate future of Singapore, for the transfer of responsibility for internal government is complete, and in external affairs, the aspect of most interest to a commercial community, i.e. its commercial foreign relations, will also be transferred. The Council of Ministers will consist entirely of Ministers who are elected members of the Assembly, and the Prime Minister will preside in place of the Government who presides at present. And in Government House, after 6 months from the coming into force of the constitution, there will be a Malayan Yang di-Pertuan Besar.

Citizenship

After its detailed consideration by a Select Committee of the Assembly, the Citizenship Bill passed its Third Reading on October 16th. The Bill establishes a Singapore citizenship which is distinct from the citizenship of the U.K. and the Colonies, and will be given the same degree of recognition in the Commonwealth as the citizenship of an independent Realm of Republic. Citizenship is acquired automatically by all who are born in Singapore. They will not be required to register while all born outside Singapore will require to register. They must be of "full age and capacity" and meet a residential qualification. Those born in any part of the present Federation of Malaya, those who are citizens of the U.K. and the Colonies, and for those who are citizens of a Commonwealth country which gives reciprocal recognition of citizenship, must have lived in Singapore for the two years immediately preceding their application for citizenship.

They will take an Oath of Loyalty and Allegiance to the Queen and a promise to "observe the laws, and be a true and faithful citizen, of Singapore." For all others, the required period of residence is 8 years before the date when the Bill comes into force. Those born in a Commonwealth country which does not give reciprocal recognition

may as an alternative apply for Citizenship of the U.K. and the Colonies and then claim the two years residential qualification, but the majority in this category have lived in Singapore for over 8 years and will be able to apply direct. They will take the Oath of Loyalty and Allegiance. Those born outside the Commonwealth will also require to take an Oath of Renunciation that they will not "exercise the rights, powers and privileges" to which they may be entitled by reason of any foreign nationality or citizenship, and they must "absolutely and entirely renounce all loyalty to any foreign Sovereign, State or Country."

In his broadcast on October 31st on the eve of the opening of registration, Mr. Lim Yew Hock, the Chief Minister introduced this long step into the future when he said:

"I would be misjudging the political temper at the moment if I suggested that we must persuade the men and women who have lived so long, in such a friendly way, among us to become citizens of Singapore. We are not seeking numbers for numbers sake; we are not seeking reluctant or sceptical citizens; we are not seeking those who approach citizenship as a means of driving a hard bargain, getting as much as possible and giving as little as possible. All of us who have worked for the creation of this new citizenship of Singapore have believed that there are many among us who are citizens in fact, if not in name. They have the legal status of aliens which does not express their feelings for Singapore, their wishes for the future, or the fact that this is the focus of their family and their business-life. They are long-term residents and to all intents and purposes are citizens but they have neither the status nor the rights nor the duties of citizenship.

The purpose of the Citizenship Bill has therefore been to give these people the opportunity of becoming citizens. It is for them to decide whether they wish to become friendly citizens, or to remain friendly but alien. The door is open. They are free to enter and become full members but we will neither push nor pull them through the door. . . ."

Party Preparations

With the coming of the City Elections, political party activity is reviving. The existing parties are preparing their lists of candidates, and the Party Ra'ayat and the Workers Party in process of formation will add their candidates. It is not expected that all will be able to put up candidates in all constituencies, and it will be interesting to see in which constituencies which parties estimate their chances at the brightest. There are rumours of party coalitions, but no firm announcement. The likelihood is therefore that there will be contests by more than two candidates in most of the constituencies with a less clear-cut decision in what the electorate wants.

In anticipation, the Peoples' Action Party has been solving its internal problems. The Annual General Meeting in August did not give the executive committee the support in the elections for which it asked, and subsequently in Government action against Communist penetration 5 of the committee were detained under the Preservation of Public Security Ordinance. The remaining seven members have carried on as an emergency committee. A special meeting was therefore held on October 20th which elected the Central Executive Committee of 12 proposed by the Emergency Council, and amended the constitution to make for closer co-ordination of the Executive Committee and the branches.

The new organisation and the new Committee have been established to counter what the party paper "PETIR" calls the "Left-Wing Adventurists". Dr. Toh Chin Chye remains as Chairman and Mr. Lee Kuan Yew as Secretary-General. From this period of introspective incubation has come an unequivocal statement of the policy of the Party, which has since been published in the Party paper.

The article aims to clear the confusion among some. If their members for "some people have joined the party in the belief that we could be converted into a branch of the Malayan Communist Party". This misunderstanding is explained by the concentration on the fight against Colonialism but with Merdeka in the Federation and internal self-government in Singapore there is a new situation which the old slogans will not fit. Merdeka without merger, it is argued, is "phoney", for "a small island like Singapore dependent on foreign trade and shipping can be subjected to pressure by foreign powers and vested interests", and that pressure would be used against a socialist policy. The PAP policy, it is repeated. The major step seeks an "independent, democratic, non-Communist Socialist Malaya", to which the achievement of Independence is not to force the British to grant it, but to persuade the Federation to accept Singapore as a unit. The present separation is artificial when there is such a degree of inter-dependence, and dangerous in the possibility of the exploitation of communal divisions as a reason for keeping the two territories apart. "The longer the two territories remain apart the greater the danger of communal tensions and the rise of reactionary forces which will try to distract attention from the real problem by intensifying communal fears and hatreds". As democrats, they oppose the one-party dictatorship, both on principle and as impossible to create by peaceful constitutional means. Again Singapore cannot be Socialist on its own. "It is foolish to speak of socialising the entrepot trade centered on Singapore based as it is on myriads of small-scale traders operating over vast territories dealing with countless people in many products". The following section discusses the "Futility of Armed Revolution" and points out the differences between the situations in Malaya and in China, an interesting indication of the views of their readers who must be convinced. The first two reasons given are the impossibility of establishing "a revolutionary armed base" in Malaya, and the fact that in Malaya "the authority of the colonial government has never shown signs of disintegration". But the most important reason is that "revolutionary activity has only the result of antagonising Malays and Indians". Later the article says "Malays will not trust a party which believes in violent methods of winning power especially when the leadership of the party is almost entirely Chinese. . . . Only foolish people believe that the fundamental unity of the three races can be achieved overnight and only by shouting fierce slogans and striking uncompromising attitudes". The alternative is this; "We believe that by peaceful persuasion and mass education . . . we can demonstrate that the welfare and progress of the Malayan races are not conflicting but in harmony in the unity of the poor of all races to achieve social and economic justice in an economic independent democratic Malaya, based on non-Communist Socialist political and economic principles. It is with this programme that the PAP plans to fight the coming series of elections.

Workers Party

Meanwhile steps are being taken to form the Workers Party whose creation was first suggested by Mr. David Marshall and which has been endorsed by the largest of the Singapore trade Unions, the Army Civil Service Union, although the issue of whether a Trade Union can take part

in political activities is now before the Courts. The Naval Base Labour Union have also expressed support, and negotiations are being carried on to bring in other Unions. The parallel movement is an attack on the T.U.C. as being, Mr. Marshall's words, a "puppet organisation of Mr. Lim Yew Hock". In his address to the ACSU Conference which is published in the current issue of the CSU journal, Mr. Marshall is quoted as saying that "we can reasonably be satisfied that there is not even one genuine socialist or a genuine trade unionist in the Legislative assembly in Singapore today", adding that he was not speaking "with a feeling of hatred for my old colleagues of the Labour Front and my political opponents in the PAP, but with absolute sincerity and honesty". The leader of the journal expresses the hope that Mr. Marshall will return to the Apple Tree of Empress Place, the anti-room to the Chief Minister's office in the 1955 elections.

The reaction to the arrest of Dr. Chuang remained calm, and there was no protest in the schools, and appeals were constitutional. At the Annual Celebration of Teachers' Day which had a record attendance this year, no mention was made of his case. The management of the Chung Cheng High School interviewed the Chief Minister about detention of Dr. Chuang Chu-lin. Those appealing admitted that all was not well with the school, and did not support Dr. Chuang unconditionally. They told the Chief Minister that they would see that, if released, he would conduct himself worthily as a citizen. But after full consideration, the Council of Ministers confirmed the banishment on October 12th. Meanwhile the Chief Minister and the Minister for Education, Mr. Chew Swee Kee has received a number of threatening letters. The decision appears to have been accepted. Representatives of the school management have gone to Hongkong in the search for a new principal and the proposed re-organisation of the school to ensure more personal influence and better control and organisation of a school of 3,500 pupils including many over-age have been accepted. There will be three separate units, for over-aged Senior Middle and Junior Middle students, each under its own Principal.

Twenty-nine of the 48 students arrested in September were released after the fuller investigation made possible by their interrogations and by judging documents captured with them, the parents were interviewed by the Chief Minister before the release, and he went to the prison to speak to the students themselves before their release. The official statement said that the Government were satisfied that they were "genuine students misled by subversive elements" and had been released to resume their studies. It was the policy of the Government to encourage genuine students and to "provide in the Merdeka Schools an atmosphere in which studies were not distorted and disturbed by subversive elements.

During the time these matters were under public discussion, the Chief Minister and the Minister for Education received letters threatening death. On the other hand, the Chief Minister received 321 signed letters in his support from 467 people, including 176 students of Chinese Middle Schools, mostly from the Chung Cheng and Chinese High Schools. One said "The Government action indicates victory for democracy and spells the doom of totalitarianism". Another said, "We want to unite all students to support your purge action and your wise Government." While another said "Thank God we are now free to go on with our studies without interruption from bogus students". Mr. Lim Yew Hock's comment was that "the students were now taking a positive stand to rid their schools of bad elements".

On October 4th, a letter received by the Chief Minister from the M.C.P. reminded the public of the over-all threat of Communism. The letter, addressed from Haadyai in South Siam, carried a rejection of the Amnesty offer of the Federation Government to whom the letter was passed. The Prime Minister's reply was that Chin Peng had broken his pledge to him to lay down arms once defence was transferred to the Prime Minister's control, and that the Communists must prove their Malayan loyalty. In support, Mr. Lim Yew Hock said that the experience of Singapore proved that Communist promise of loyalty could not be accepted at face value.

"The legitimate activities of trade unionists, and the peaceful studies of students, the political rights of a democratic system and the national ambitions of the Malayan peoples, have all been disturbed and twisted by the Communist to suit their political ambition."

"They pay no heed to the interests of the misguided victims who pay the price of Communist violence, intimidation and subversion, any more than they pay heed to their promises to the Prime Minister of the independent and democratic Federation of Malaya."

Singapore Chinese

It has been suggested in a London newspaper that the banishment of Dr. Chuang reflects a conflict between the Chinese-educated in Chinese-language schools and those educated in English-language schools, and that the conflict was serious enough to justify reconsideration of the move towards self-government in Singapore. This provoked long and strong comment in the Chinese press which reflected dominant opinion in the Chinese-speaking group.

It cannot be denied that the bringing of these two groups together is an essential element in the problem of Singapore, but these views ignore the major steps which have already successfully been taken to bring these groups together. One need only compare the events of October 1956 in Singapore which arose out of the situation in the schools with the lack of reaction in October 1957 to the arrest of Dr. Chuang. The problem of October 1956 is now accepted as a problem by the Chinese-speaking group and they are ready to play their part to solve it and to criticise Dr. Chuang for not playing a big enough part in this re-orientation of Chinese-language education to Malayan loyalty. The teachers whose poor pay and insecurity made them share the feeling that there was deliberate discrimination against Chinese education now have better pay and security under the new grant-in-aid scheme for Chinese schools as proofs of government sincerity. Education in Singapore will cost \$60,000,000 in 1958—more than a quarter of the total budget—and 2,000 Chinese school teachers are already better off under the new scheme. The declaration of Ministers that Chinese education is an integral part of Singapore's education system is accepted. The Nanyang University like the Chinese schools is emerging from the frustrations of isolation. One of the Nanyang's most flourishing societies is now the English Language Society, when 12 months ago students were hiding their knowledge of English. During a Civics Course organised by the Information Department (which 12 months ago found it difficult to work with Chinese educational institutions). Students of the Nanyang University visited the University of Malaya and were soon in the friendly terms there should be in any such student meeting. Each week students of the Chinese Middle Schools come to the Assembly House for a Civics Course, and meet the Chief Minister in friendly discussion in contrast to 12 months ago when they came defiantly to demand that they should have their "Hsueh-Hsieh" way. With Merdeka in the Federation and the responsibilities of

self-government ahead, the problems of Malayan loyalty and adaptations are being faced up to realistically by the only people who can solve them—the Chinese themselves. Dr. Chuang's case must be judged in relation to this healthy development—not as suggested, a martyr to the policy of an anti-Chinese Government. The unchanging East may reflect more unchanging interpretations from the West rather than the facts of the situation.

Teachers in Training

The Commemoration Day of the Teachers Training College on October 5th reflected the rapid growth of the educational system which in 1958 will cost \$60,000,000 or over 25% of the total budget. Mr. S. C. Ting, the Acting Principal, said the College had 2,300 students—1,275 men and 1,025 women. 535 were training as Chinese-language teachers. The growth have made another Training College necessary. He defined their aim:

"We want our students to think of themselves as students of the Teachers' Training College, not as students of the Chinese section or students of the English section. We want them to regard the schools in which they will teach not as English schools or Chinese schools but as Singapore schools. We want them to teach to a common curriculum and to common syllabuses—not English syllabuses or Chinese syllabuses but Singapore syllabuses."

"We offer them equal facilities for work study. We encourage them to take part in the same social, recreational and cultural activities. I am glad to say that the response has been excellent."

He reflected the tribute paid to the teacher by Sir Robert Black at this ceremony:

"I believe that we all realise that the alternative to a policy of integration and bi-lingualism would be a policy of separation and communal thinking, which, for Singapore, would mean disaster. The one man who can do more than any other to unite the country on non-communal lines is the school teacher."

Change of Governors

Mr. W. A. C. Goode left Singapore for a short leave to the U.K. On his return on December 9th he will be installed as Governor. He will be succeeded as Chief Secretary by E. B. David, formerly of the M.C.S. and now Chief Secretary, Hongkong. The appointment "on loan" has been made because the Singapore Government considered it undesirable that a post which carried a Ministerial rank should be held by a local officer who would revert to the rank of Permanent Secretary on the abolition of the officio Ministerial post on the introduction of the new constitution next year. Nor did they wish to incur the additional financial liability in the abolition of the post.

Tourism

Singapore's Tourist Advisory Board has increased its publicity and its impact on public opinion. The Federation Government have also announced their intention of promoting tourism and the full co-operation of the two territories will make for greater success for both. In a speech at the Rotary Club, the Chairman of the Board, Mr. Donald Erskine-Crum appealed for the fullest public support for the promotion of the industry. In a later Press Conference that the membership of the Tourist Advisory Board was to be increased, and that already steps were being taken to set up a Tourist Association. The time is apt with a steadily growing number of visitors who wish to know more of the Singapore they have come to see and it is urgent with the major international conference of the Pacific Area Travel Association to be held in Singapore in February 1959.

TRAINING FOR MALAYAN INDUSTRIES

Thousands of young Malaysians, just starting in life, need a helping hand if, with limited education and from poor homes, they are to have the opportunity of becoming something more than unskilled workers in factories. In Malaya today they face a brighter future than was ever offered to their fathers. But they have presented one of the most difficult problems to an independent country, especially, as seems likely at the moment, with an urgent drive towards industrialisation. For the young Malays, Chinese, Indians and Ceylonese of Malaya there will be chance of learning in evening classes and on courses lasting several days the theory of the jobs they are doing. It is a policy that will particularly affect the sons of Malaya's Chinese immigrants who form the backbone of technical skill in most industries in Malaya today. At present they have a limited choice and their skill must be picked up from old hands at the job. The top jobs in business most often go to those who have been sent overseas for instruction or who rise through the office.

The Government and of course British business itself have a more than philanthropic interest in training Malaya's young men. It has been obvious for some time past that the tin and rubber industries, the country's biggest revenue earners, cannot be expected to carry the whole burden of providing employment and revenue in the future. Nor is it desirable that this should be so as both are world commodities liable to fluctuate in price and both are now faced with the danger of substitutes, rubber with synthetic rubber which is now as good as the natural product, and tin with plastic packaging which could in time bring about a sharp decline in the tin can industry. In the past these have been the two rocks on which the Malayan economy has been based, now they are shifting. In their places it is hoped that there will be more numerous secondary industries which can provide for Malaya's wants and reduce the need to import goods and possibly establish a small export market. Agriculture may also be expanded, particularly by mechanical means, as new areas are opened and it is found more productive to farm on a large scale using tractors and the latest agricultural methods.

All this will not be possible if Malaya approaches the problem with its present labour force. Malayan workers are skilled but short on theory. There is little he needs to be taught about present day methods, but will he be able to move with the times? One way this is being approached is through the apprenticeship system which has begun to operate for the first time in Malaya. Colombo Plan assistance was obtained to launch the scheme and a Central Apprenticeship Board, representing the Government and the employers, has been set up and has laid down its priorities in the trades where the scheme will be first introduced. It follows traditional British lines, slightly amended in Australia where conditions are different, and now adapted to Malayan needs. The youngsters leaving school will be voluntarily bound to an employer for three or more years. The employer will have the responsibility for training him in his job and of seeing that in his spare time, or in the firm's time, he is given the opportunity of learning theory. The two parts of the scheme will go forward simultaneously. In other words, the apprentice will get his practical training in how to use tools and the "tricks of the trade", while at school he will learn why various techniques are necessary and be prepared for changes and advances that may be coming in the future. He will also have the chance of see-

ing the best in the particular industry he is apprenticed to for not all factories will have the best machines or even be using the best techniques.

The scheme has been accepted willingly by the employers even though there is no obligation for the apprentice to stay at his place of work once his time is served. It differs from the traditional guild system of Chinese employers in the amount of time that is devoted to theory. Plans have been laid for the education side of the apprenticeship training and technical institutes are to be set up in many parts of Malaya. The institutes will be in addition to a Technical College which will provide a higher technical education and which may eventually grant qualifications at a professional level. The main work of the institutes will be to provide evening class education in a wide range of subjects for which the youngsters will have to pay small fees. They will be able to learn civil engineering, electrical engineering, mechanical engineering, telecommunications, building design and land surveying. In addition there will be day classes, although whether these can be established is likely to depend to a great extent on whether the staff can be found to do the job. These will be for youngsters whose employer is willing to let them leave work for one or two days a week to attend the institute for all-day training.

To meet the problem of apprentices who do not live near the institute, a very real problem in Malaya where work may be many miles from the nearest town, it has been proposed that there should be short-term courses lasting for perhaps a week or two where the apprentices can catch up on their theory. Proposals have been made that the Malayan Government should consider granting qualifications and diplomas but it is unlikely that the Government will agree to this change. It is felt that the best thing would be to continue with diplomas that are internationally recognised and which will give the Government a standard by which to work as British civil servants and engineers are replaced in the Government by local men after independence.

The apprenticeship scheme will give youngsters, starting work for the first time from humble families, a chance to equip themselves for more advanced training later if they show promise and if with their new skills and new knowledge they are able to advance in their trade. It brings the general manager's chair at least within their ambition, if it is still not as easy a position to acquire as those who have had greater help in life. But professional men, with recognised international degrees, will still be needed and experience has shown that it may not be easy or wise to rely on foreign universities to train the hundreds of engineers of all kinds that an independent Malaya will need. The University of Malaya will begin to meet this need with a new faculty which is to be established in Malaya. Student engineers will be able to study at close hand the work of tin mining, one of the most important engineering industries in Malaya, and of the other branches of engineering such as drainage and irrigation, buildings, roads and bridges.

All these plans will take some time to produce results, Malaya cannot expect to have a nucleus of skilled and technically well shod operatives overnight, but the start that will be made this year should put Malaya well on the way to the painless development of its industrial facilities.

HONGKONG NOTES AND REPORTS

Low-Cost Housing—The North Point Estate on Java Road was officially opened by the Governor last week. This is the first housing project completed by the Hongkong Housing Authority. The total cost amounting to a little over \$3 million was met by a loan from the Government Development Fund. Relating to the building of low-cost housing in Hongkong and comparing the work of the Authority with that of the Resettlement Department, the Governor in his opening remarks said inter alia: The Housing Authority was created in 1954. Its progress and activities have often been compared to those of the Resettlement Department. Though they were both created in the same year, they were designed to meet very different necessities. The Resettlement Department was created to clear, resettle, and improve the housing conditions of those living in squatter areas in circumstances constituting a grave danger, from the point of view of fire and public health, not only to themselves but to the whole community. The Resettlement Department therefore started with a clear-cut, definite objective. It was also able to make use of the experience of various officers in different Government departments, who had hitherto been dealing with the different aspects of the question.

The Housing Authority was created to improve the conditions of those living in regular housing. On balance it was given the more difficult task. It had no clear objective; or, at least, its objective was so wide that it was difficult to know where to start. It had no staff, in the sense that it was not possible to provide at the outset a body of officers trained and experienced in housing problems, who would be able to say what to do and how to do it. It was from this beginning that the Authority set out to determine what should be its initial objectives and how it should go about reaching them, what staff it should engage, when and where they should be obtained and, in certain cases, even how they should be trained for the work that had to be done.

The Authority decided to cater for the white-collar class in their first schemes; it is a very important section of the community, which has found particular hardship in postwar living conditions in Hongkong. However this is by no means a declaration of the Authority's final objective. The tenant selection policy will be reviewed early next year.

The North Point Estate, the first of the estates to be opened for occupation, contains 1,955 flats, an assembly hall, two medical clinics, a school and a post office. It will eventually house over 12,000 persons who are badly in need of improved housing conditions. This estate, and the other two estates at present under construction by the Housing Authority, involve the expenditure of \$90 millions for the housing of 50,000 people.

The Resettlement Department is today responsible for the housing of over 200,000 people. There are still other organisations which are contributing, or have contributed, to a solution of the housing problem. The Hongkong Housing Society, for example, a pioneer organisation in the field of low-cost housing, has been operating since 1948. There is no doubt that substantial progress is being made; but it is not enough. The bare facts of the problem are these. The present population of the Colony is estimated to be something over two and a half millions; many of these are living in overcrowded tenements, and a very large number of additional houses will be required before even the existing population can have the minimum standards of accom-

modation to be provided on this estate. It has been further estimated that in five years' time the population will exceed three millions, through natural increase alone.

Consequently, any radical improvement in local housing conditions will require the provision each year of sufficient housing for well over 100,000 people. With a problem of this size, it is obvious that we must continue to look, as we have done in the past, to the activities of private enterprise to provide the major effort in a solution, and to the local building industry to carry out that effort.

On the selection of tenants for the Java Road Estate Mr. D. R. Holmes, Chairman of the Authority, said: "Applications have so far been accepted from families whose incomes fall between \$300 and \$900 a month. This income level includes a large proportion of those known as the white collar class and the Authority has felt that in some ways this class has been particularly hard hit by the post-war housing shortage. Apart from this income limitation the Authority has so far limited its applicants to those who have lived in the Colony at least since the middle of 1948, in the belief that the older residents clearly have a stronger claim than newcomers.

"These two basic conditions—income and residence—have been fulfilled by a very large number of applicants, and selection from these eligible applicants has been based primarily on housing need. To this end we make use of a points system designed to give preference to those whose present housing conditions are the worst. Secondly the Authority has decided that their tenants should not be asked to pay more in rent than one-fifth of their income, bearing in mind that rates are payable in addition. Finally it is considered desirable that each resident should have a minimum of 35 square feet of living space and 350 cubic feet of clear internal air. The result of the application of these rules is that nearly 2,000 families will shortly move into flats which will give them, at rents they can reasonably afford, decent and healthy homes. There will be many applicants with small incomes and large families who will not be successful in this estate. This is unfortunate, but it is necessary.

"The Housing Authority operates on a commercial basis, and the rents must cover the capital and recurrent costs of the scheme; there is no means of subsidizing rents, and there is no point in offering families accommodation which they cannot possibly afford. However the Authority is building more and cheaper flats elsewhere and their applications will remain under review. A second estate at Cadogan Street, which will contain 640 flats, will be ready about the middle of next year, and a third at So Uk in Kowloon, which will contain about 5,000 flats, may be ready towards the end of 1959."

Police Quarters—The 11-storey police rank and file married quarters on Arsenal Street will soon be ready for occupation. There are 300 self-contained apartments each consisting of one large room, a kitchen and a verandah opening on to Queen's Road. Total area of each flat is about 455 square feet. The ground floor will be used for a school which will have 12 classrooms each accommodating 40 pupils, a Domestic Science room and a Handicraft room. Two lifts have been installed in the building in addition to the main and subsidiary staircases.

Private Building Construction—During the quarter ended September 30th, local contractors submitted 520

plans for 853 private buildings to Government for approval; projects completed during the period totalled 455 buildings costing about \$32 million not including site work and land value. More new projects have been announced recently but progress on most construction sites is slow; many buildings are going up storey by storey at a snail's pace because contractors usually build with money realised from advance sales which are becoming more and more difficult everyday on account of the high prices charged.

Multi-Storey Car Park—The first three-storey car park built by Government to relieve the car parking problem in the Central District—that on the new Star Ferry Concourse—will be opened for public use as from Sunday December 8. It has parking space for over 400 cars and will remain open day and night. The Star Ferry Piers which have been completed for some months will be brought into operation one week later—on Sunday December 15. The car park built at a cost of \$1,329,000, will be under the management of the Urban Council. The basic fee charged for all parking spaces is \$1 for each period of five hours. For two hours or less the fee is 50 cents. For periods of over twenty-four hours the fees will be \$5 for the first day and \$10 for each day beginning the second day. To provide greater safety for cars parked in the building only authorised cleaners will be allowed to attend to cars parked in the building.

Progress in Hongkong 1947/56—Reviewing the progress of Hongkong's major activities during the past ten years, Mr. D. S. Hill, the newly elected President of HK Engineering Society, said last week, "Never in the history of man, or in any other place in the world, have there been such radical changes in a territory as in Hongkong." He enumerated following changes which had taken place in Hongkong during the period:

WATER—In 1947 the Colony's total water storage capacity was 5,970 million gallons. By the end of 1956, this was increased by more than 1,000 million gallons from the partly completed Tai Lam Chung reservoir, whose full capacity is 4,500 million gallons. **ELECTRICITY**—The Hongkong Electric Company, which supplies the Island with electricity, increased its capacity from 41,500 k.w. in 1947 to 92,500 k.w. in 1956. The China Light and Power Co., during the 10-year period under review, raised its capacity from 30,500 k.w. to 82,500 k.w. Both companies had to overcome rehabilitation difficulties following the end of the war. **GAS**—The Hongkong and China Gas Co., by 1947, had not entirely remedied the neglect to which its plant had been subjected during the occupation. But in 1956 it started building a completely modern plant at Ma Tau Kok which would give nearly 2,000,000 cubic feet of gas daily to Kowloon consumers. A new plant was also installed at the West Point works on the Island, thereby raising the nominal capacity of the works to 1,750,000 cubic feet of gas per day. **ROADS**—In 1947 there were about 400 miles of roads—173 miles on the Island, 106 in Kowloon and 121 in the New Territories. About 90 per cent of these were of modern metalled construction. The Roads Office, despite topographical and climatic difficulties and a shortage of steel, increased the total to more than 450 miles of road by 1956, of which nearly 300 miles were concrete and bitumen-macadam.

BUILDING—The Colony's building activities had been carried out at a great rate during the 10-year period, and of these housing was probably the most spectacular. Government successively reduced the squatter problem until by 1956 there were 40 separate blocks spreading over four estates and housing well over 100,000 people. There were also private schemes by voluntary agencies, housing another 100,000. An estimated 300,000 have yet to be accommodated. **TRAMWAYS**—The Hongkong Tramway Co., after strenuous efforts, succeeded in 1947 in restoring the full pre-war service of 92 cars. By 1956 a great deal of track renewal had been carried out, and the number of cars in operation increased to 138. The company now operates about 19½ miles of track or 10 route miles. The Peak

Tramway, stripped and looted during the Occupation, had by 1947 more than 40 cars runs per day. In 1956, the wooden cars were replaced by all-metal ones of improved design, and lighter, stronger and bigger. **BUS SERVICES**—On the Island, the China Motor Bus Co. by 1947 had restored traffic on the seven principal routes. On the other side of the harbour, the Kowloon Motor Bus had 68 buses and 75 improvised buses in operation. In 1956, the China Motor Bus had 200 diesel-engined buses operating, with another 50 on order, and the Kowloon Motor Bus a fleet of 450, with 500 on order. **FERRIES**—The ferry services made considerable progress over the period under review. In 1947, the "Star" Ferry Co. maintained a 10-minute service, with a five-minute service during rush hours. In 1956 a three-minute service was maintained during the day, with eight vessels operating 19½ hours daily. The Hongkong and Yaumati Ferry Co. in 1947 operated a 12-minute service on the Mongkok and Shanshuipo routes and a frequent service from Jordan Road besides the Cheung Chau sailings, and two vehicular ferries. By the end of 1956, six cross-harbour services were running regularly, as well as services to the New Territories. The frequency of the vehicular ferry service was now around 10 minutes.

INDUSTRY—In 1947 the main primary product of Hongkong was fish, and engineering and ship-building were the main heavy industries. The major part of the population

was engaged in commercial pursuits and in employments such as stevedoring, shipbuilding and repairing, etc., ancillary to the Colony's position as a great port and entrepot for South China. By 1956 textiles had become the main industry, and the principal sources of employment were industry, commercial houses connected with the entrepot trade, agriculture, fishing and the internal distributive trades. In 1947 imports were \$1,540 million and exports \$1,220 million; in 1956 these had increased to \$4,566 million and \$3,210 million respectively.

Hongkong Naval Dockyard—The Naval Dockyard here will be closed down during the next two years. The rundown, which will begin in January 1958, will extend over two years and is expected to be completed by November 1959. The reorganisation of naval forces to meet modern conditions means that the future requirements will no longer justify the maintenance of a full-scale refitting dockyard in Hongkong. Only a small naval base from which ships can be serviced and operated will therefore be retained in Hongkong.

The closing of the Naval Dockyard means that 5,000 local workers would have to look for new employment. A sympathetic message from the Commodore-Superintendent of the Dockyard reads, "Although it is necessary, Government is closing the Dockyard with reluctance and regret, for it knows that it will result in loss of employment for many people who have given long and faithful service. In order, however, that the staff can be released gradually instead of all looking for work at the same time, it has been decided that the Yard should rundown over a period of two years. To enable this to be done, some refitting work for the Fleet will be carried on until the end of 1958; after this the work on the clearance of Yard equipment, plant and stores, which will have started early in 1958, will be completed, and the Yard will finally close on November 30, 1959."

Meanwhile the Dockyard workers and their unions are considering various demands. Preliminary demands by the Dockyard Industrial Union, totalling eight, include retention of all employees till the Dockyard closes and severance pay equal to a year's wages, with back pay for the whole period of Japanese Occupation.

A meeting was convened last week by the Commissioner of Labour with representatives of leading employers' organisations and business firms in the Colony, together with representatives from the Dockyard management and the Government Establishment branch. At this it was decided to list existing and early vacancies which might suitably be filled by Dockyard personnel. An Employment Advisory Committee representing employers, the Admiralty and the Government, will be under the Labour Commissioner and consideration is being given to the establishment of an Employment Liaison Office where both prospective employers and employees can be put in touch with each other. An Assistant Labour Officer is to devote his full time to the question of Dockyard employment. Some of the Dockyard men have qualifications and experience likely to fit them for employment in the Public Service.

Reviewing the Naval Dockyard problem, the "South China Morning Post" said in an editorial; "For years, pressure has been exerted on Government to obtain the removal of both the Dockyard and the Military Lands to a point outside the City limits so as to allow much-needed improvements to traffic arteries and provide further room for business development in the centre of Victoria. Never at any time, however, has the complete shutting-down of the Naval Dockyard been envisaged, and the fact that in two years' time an establishment always regarded as a permanent fix-

ture will have ceased to exist, is one not easy to grasp." Summing up the situation, the editorial stated, "The closing down of the Dockyard was a hard decision for the British Government to take, and only the hard logic of the changed world strategic situation could have dictated it. The situation of the dismissed workers is not an enviable one but with the co-operation of employers in the Colony, who are well aware of the urgency of placing the men in other employment as soon as possible, there are good grounds for hoping that employment will be found for them in due course."

* * *

The evacuation by the Naval Dockyard of the big tract of land right in the Central District was long ago requested by business interests here. Negotiations had been held between the Admiralty and the Hongkong Government with a view of arriving at a solution of this pressing problem—to provide more land for business expansion in the heart of Victoria. Land prices here soared as a result of lack of suitable land in the Central District which trend could only be hoped to be halted or reversed in case of Royal Naval lands being given up.

At long last the Naval Dockyard will be wound up; the decision to do so should have been made much earlier. The complete change in defence planning and strategy, resulting from the postwar scientific and technological advances, has made entirely redundant many military and naval positions in this part of the world, as well as elsewhere. That unemployment follows upon winding up of any business is always regarded as deplorable but it is as well to bear in mind that progress of any kind will always cause 'redundancy of labour'.

While public opinion is concerned with the future of the workers of the Dockyard, probably out of a feeling of charity and also of apprehension what might be engineered by our neighbour to the north, business men calculate realistically with a land price decline and consequent problems of construction and land speculation. The Naval lands will within a short period of time be offered for sale to the business community with the exception, perhaps, of a site to be reserved for public purposes including adequate road widening and erection of public buildings.

Practical Farming—A series of short courses in farming methods for the training of young farmers in the New Territories is being held at the Castle Peak Agricultural Station. Instruction is of six weeks' duration and the first class graduated last month. The practical farming class is open to the sons of farmers and others interested in farming in the New Territories and involves lectures and practical demonstration on crop and animal husbandry, plant pests and diseases, animal diseases, pond culture of fish, forestry irrigation and fruit and vegetable culture. Following an experimental period a permanent training centre will be set up by Government.

Imports of Rice, Frozen Meat & Coal—A total of 11,467 tons of rice was imported in October as against 17,568 tons in the preceding month. Thailand, with 5,534 tons (48 per cent), was the main source of supply, followed by China with 4,630 tons (40.4 per cent), Cambodia with 1,122 tons (9.8 per cent) and Haiphong with 211 tons (1.8 per cent). Oftakes for the month totalled 21,853 tons as compared with 20,001 tons in the previous month and 22,483 tons in October 1956. Stocks in the Colony were maintained at a high level. The rice market in Thailand eased during October following the announcement by the Thai Government of an additional 15 per cent on the export quota for the second half-year. At the same time, lack of buying support contributed to an overall decrease of £1 in the Bangkok

DOG MEAT AND HONGKONG PRACTICE

By Lo Ka Cheung

An old Chinese monk, so the story goes, who was seen one day, eating eggs for his meal, was rudely questioned why he did so in view of the fact that Buddhism never allows the eating of things with blood and life. The reply came as unexpectedly as it was put to him so unceremoniously, for it was only from a monk of the very highest order that such a reply could have come so logically unanticipated and so excellent. Said he, "If I did not eat them now, they will still be eaten by others later on when they grow up to be chickens. By then, they will have to go through the ordeal of being slashed at the throat with the shedding of blood and the feeling of pain. What I did was humanitarian and not in any way against Buddhist creeds." And that settles it. For there are always two sides to all questions under the sun. It is relativity rather than absolute-ness that really decides. That relativity has made the Chinese people most adaptable to all circumstances under which they live.

Even such a famous person as Su Tung Po of the Sung Dynasty should have friends among Buddhists despite their widely different environment and tastes. A very high ranking official may suddenly enter into the priesthood if he thinks his position is too high to warrant his safety in office and then a Buddhist priest may one day ascend the throne and become emperor like Chu Hung Wu of the Ming Dynasty. That speaks very well of the subtleties and distinctions of the Chinese as a race to accommodate themselves to circumstances for their survival after 4,000 years of an existence.

Here in the Colony of Hongkong, although it is the Chinese that predominate, yet it is the British that rule so that in some things, this lack of adaptability to real situations has been quite apparent, and the cats and dogs problem is just such a one.

By the cats and dogs of Hongkong, I do not mean those pampered ones which live all their lives on beds of roses. I mean those unlucky rascals which, having been deserted by their masters, had to cast themselves about for their living only to be picked up and destroyed by Government as a logically sound action. In a world where the rapid increase of humanity has already rendered the expectation of life a hard lot for many, committing suicide seems more frequent these days. But, these domestic animals have not the choice of life or death as they like even when they have found life unbearable, nor have they the endowment of that privilege to eat of other people like those consecrated monkeys and cows in the Land of the Great Buddha. They are sacred animals there to be sure, going about in a life of leisure as the days roll by. But, in Hongkong, there is no such custom yet in vogue and, in its place, we find to our regret, the usual humane but uneconomic practice of destruction by Government, of these pathetic creatures on the one hand, and the secret yet illicit perpetration of butchering of them for food by the epicure on the other. There seems always a tug of war between these two—the

benevolent and the realistic. But which is the better rests on how we see it, whether we see it in the light of realism or from the humanitarian point of view.

As I said before, in this funny world of ours, we have to admit that there are two sides to an issue. This issue of the proper disposal of unwanted domestic animals is no exception to the rule. Some people argue that Government is right while others sigh that such good food should be fed to the fire of cremation and not to the hungry or gourmet stomach as the more logical of the two.

Notwithstanding their prohibition by law, yet could we buy such meat in any quantity and at any time we want to? Why, certainly. We can buy it raw or cooked as much as we like. Only we do not say we want to buy dog meat. We say we want to buy "Three and Six" for the Chinese words for "Dog and Nine" have the same pronunciation so that when we are in the mood to buy dog meat, we say we want to buy "Three and Six" and that settles it nicely in the black market. The law which legalizes the selling and buying of pork but forbids the same in the case of cats and dogs is most baffling in the Chinese mind. I am not an eater of such meats myself, yet I think if the Chinese want it, why not let them have it under the law. I have my arguments to countenance this practice as follows:—First, I admit that Chinese people like cat and dog meat. Now since Hongkong residents are largely Chinese, we should give preference to the majority. Secondly, the Chinese place a very high tonic value on such meats though cats' meat is never sold even in the black market. It is evident that eating solid meat is far superior to taking such a poor substitute as vitamin pills for besides having the same healthful qualities, they satisfy the craving of the stomach as well. Thirdly, the number of people who like such meats is considerable. Its prohibition is a loss to Government in the substantial forms of revenue in untold millions each year. Fourthly, the cat and dog population is increasing at a much more rapid rate than that of the local residents though there is no statistical figure to prove it. Where shall they go then if they are permitted to multiply but not suffered to be killed for food to get rid of the surplus? Therefore, judging from the points just cited, it is adaptability again that must come in for a final way out in its proper solution. If the Chinese want to eat cat and dog meat, let them have it and the issue is logically solved without much fuss. I found it to be true that many foreign people who have long lived in China become partly Chinese in thought and in behaviour. I am sure some of the officials of the Hongkong Government must have been here for a number of years. If they love Chinese women, as some do, and eat "Chow Faan", they should assent to this Oriental habit of cat and dog meat eating as very normal even if they do not themselves go in for it with a relish like many though of course not all Chinese.

A few weeks ago, some village people in Tai Po were voicing their opinion as to the right of eating dog meat. It really stands to reason that if they are forbidden to eat dogs, they may not want to keep them for the sake of economy. But then how will they dispose of them if not by eating them as the simplest and most economical means? They will certainly not be willing to take the trouble to kill them and then bury them or cremate them to no good purpose. The Government's way of disposal seems absurd in Chinese eyes. They will never reconcile themselves to this

f.o.b. price. This was reflected in the local market and prices dropped by \$1.50 per picul.

Stocks of frozen meat remained heavy. A total of 530 tons arrived during October; off-takes amounted to 519 tons. Imports of coal during October totalled 14,896 tons. China with 9,761 tons (65.5 per cent) was the chief source of supply, with India supplying the balance of 5,135 tons (34.5 per cent).

procedure as a logical one but would only look upon it as a wanton waste of good food.

In a very striking way, this cat and dog problem is quite analogous to that of "Prostitution" in Hongkong. With its prohibition goes that prodigious sum of revenue that is Government's by right and not in any way unjustifiable. But, has prostitution been stopped so far in the truest sense of the word? Not in any way as I know it. Go into any side streets any evening when street lights are in full play or drop into any public places any time of the day and you will admit that prostitution is a practice not easily to be eradicated. Its prohibition is only a great loss of revenue with little effect on the improvement of the people's moral habits. Yet, prostitution is on in the same way as dog meat is on. Only they go underground and we say they are foiled. We are actually seeing things with our eyes closed which is as illogical as it is unwise. There is great advantage in adaptability. Another case concerns gambling. In America, Congressman Paul A. Fino has voiced his opinion in which he definitely assents to the legalization of "Gambling" in his own country by saying, "A simple, pain-

less and honorable way for the U.S. Government to earn at least \$10 billion a year lies within the reach of Congress. All we need do is banish hypocrisy. Then Congress can create a national lottery, and states could legalize off-track betting and bingo. These forms of gambling, carefully supervised and controlled, would provide a harmless release for man's gaming instinct and collect needed funds for useful public welfare activities. Government control and legal professional gamblers would drive out the cheaters who prey upon bettors today."

This is true of the question of cat and dog meat eating in Hongkong which needs our realistic study to turn it into profit instead of a nuisance to both the Government and the people—the Chinese people mostly. While they are allowed to eat frogs, turtles, rabbits, snakes and even small deer and some small wild animals, why not allow them to eat cat and dog meat too when there is actually no harm to public health but good money to the coffers of the Government? It is killing two birds with one stone, and we should not sidetrack it but face it in just that light, in the light of the Chinese tradition.

HONGKONG COMPANY MEETINGS

YANGTSE FINANCE CO.

The Yangtze Finance Company Limited reported a net profit of \$788,024 for the year ended March 1957. Mr. G. E. Marden, Chairman, stated: The reduced tempo of activity on the local Stock Exchange during the year afforded by comparison less scope for profitable operations than the previous year and is reflected in the accounts both in respect of trading portfolio profits in the profit and loss account and in the relatively small increase of the amount standing to the credit of the investment realisation account in the balance sheet. The rise in bank interest rates and the attractions of other markets have contributed to this result, and although dividends announced since the close of our year have generally been maintained at last year's levels, there has been no resurgence of activity. As a result of reduced activity no further provision for Hongkong Corporation Profits Tax is required this year.

In the balance sheet the market value of quoted investments stands at a figure higher than book value by some \$131,000—an appreciation of 1½ per cent compared with 6 per cent at the date of the last balance sheet. The market value of our small trading portfolio, on the other hand, is some \$98,000 less than its book value. In these circumstances it is prudent to reduce the dividend from seventy cents at which it has remained for the last five years to sixty-five cents representing a distribution of 13 per cent on the par value. During the year 14,925 shares in subsidiary company were acquired in exchange for 4,476 of our own, and the increase of capital shown in the balance sheet results therefrom. Our holding in the subsidiary at present amounts to 77 per cent. The company's net worth after deducting all liabilities is \$8,751,418, representing a statistical value of \$7.52 per share ex-dividend.

SHANGHAI LOAN

A net profit of \$135,420 and a dividend of 20 cents per share for the year ended March 1957 was announced by the Shanghai Loan and Investment Company Limited. Director J. L. Marden reported: The reduced activity in local stocks and shares, which is reflected in the small profit on

sale of investments, is also indicated by the reduction in the market value of investments, which was some \$136,000 below book value at the date of the balance sheet. Income from dividends and interest increased by \$55,000 but this was more than offset by the reduced profit on sale of investments. The net profit for the year at \$135,420 is lower by \$41,714, but dividend at 20 cents per share remains unchanged. The amount carried forward is increased by \$30,422.

AMALGAMATED RUBBER

An increased dividend in spite of a lower yield was announced by the Amalgamated Rubber Estate Limited. Chairman D. W. Skinner said inter alia: Natural rubber continued to suffer marked variations in the selling price despite steady demand and a remarkably steady percentage consumption in competition with synthetic rubbers. Compared with a year ago, the average price realised for all grades of rubber produced by the Company was down by 15.95 Malayan cents to 91.49 cents. In spite of this substantial reduction the Company enjoyed a profitable year. The harvest, though less than the previous year, amounted to 7,130,000 pounds and was won from a producing area reduced by some 600 acres. The Consolidated production (f.o.b.) cost, before charging replanting, depreciation and head office expenses, planting staff's commissions and bonuses and income tax, was down a little to 58.42 Malayan cents per pound.

A total of 273 acres of jungle reserves were cultivated at Kota Bahroe and Tanah Merah Estates and 808 acres replanted at Dominion, Hendra, Pundut and Tanah Merah Estates. Total expenditure upon these plantings during the year together with the upkeep of all the immature areas amounted to HK\$1,565,000. A total of 1,536 acres of immature rubber had matured by the year's end. The Company now has 51 per cent of the producing area under clonal or budgrafted rubber. For the current year, we anticipate a further 770 acres maturing, off-setting the 801 acres of aged rubber cut-out or to be cut out for planting this autumn. The new and replanting programmes recommended between now and 1962-1963 will entail replanting a fur-

ther 4,700 acres and new planting 460 acres. To finance this planting programme which may cost about HK\$1½ million annually for several years the Company hopes to continue to place to the Replanting Reserve HK\$650,000 annually out of revenue. To this must be added the Malayan Government's Replanting Subsidy which will average approximately HK\$230,000 over the same period. In addition the Company will have to augment these sums by gradually drawing upon investments which were built by for precisely this contingency.

Alexandra Estate was handed over to the purchasers during August 1956. Shanghai Pahang Estate was also sold during the year and handed over to its purchasers on January 1 this year. This later acreage was replaced by the purchase after valuation of a 1,400 acre property next to our Selama Estate in South Kedah. These two estates, Selama and Choong Meng, will be managed as one with a planted area of some 2,600 acres. Choong Meng Estate carries 460 acres of young mature rubber with a further 250 acres immature. We expect annual yields initially in excess of 650,000 pounds. The Company took possession on September 5.

An interim dividend was declared payable on March 1 of HK 8 cents per share. A final dividend of HK 15 cents per share will be paid making HK 23 cents for the year. In view of the heavy demands upon liquid resources which have to be met in the next few years, the Company would not ordinarily have recommended such a high dividend in relation to net distributable profits; but the Board have taken into consideration the profits realised this year upon the sales of Estates, and feel that in this instance the dividend is justified.

HONGKONG AIR TRAFFIC IN SEPTEMBER

Region	Departure			Arrival		
	Passenger	Freight (Kilos)	Mail	Passenger	Freight (Kilos)	Mail
Australia	210	5,636	837	84	4,662	209
Thailand	1,475	18,477	560	1,597	8,094	3,121
Borneo	97	2,814	123	146	2	13
Burma	175	7,749	1,102	264	499	228
Cambodia	305	2,696	188	356	1,690	280
Canada	182	1,295	516	87	556	267
Europe	147	11,417	1,536	140	6,071	3,538
Taiwan	913	46,772	1,306	666	5,740	1,519
Guam	4	3,475	27	—	92	31
Honolulu	125	360	85	69	201	87
India	322	8,740	429	359	5,053	787
Indonesia	—	—	551	—	—	—
Japan	1,988	9,537	2,871	2,139	18,797	9,970
Laos	159	24,133	64	102	2,661	40
Macau	1	4,702	—	—	—	—
Malaya	36	53	303	—	—	—
Middle East	79	558	350	70	365	551
New Zealand	—	—	144	—	—	—
Okinawa	97	7,080	67	76	484	22
Pakistan	51	1,833	307	55	306	175
Philippines	1,878	15,841	716	2,279	4,031	1,000
Singapore	683	19,852	1,227	824	6,795	3,933
South America	51	1,215	5	8	29	27
South Korea	229	4,547	543	232	290	447
United Kingdom	397	10,188	2,268	344	10,839	2,801
United States	187	7,193	3,402	60	2,647	2,979
South Vietnam	331	8,683	307	281	1,508	344
Wake Island	—	11	—	—	22	—
Ceylon	—	—	160	—	—	18
Africa	—	—	789	—	—	41
Total	10,122	224,857	20,793	10,178	81,434	32,428
Direct Transit	962	30,419	—	962	30,419	—
Total Aircraft Departures	= 349.			Total Aircraft Arrivals = 349.		

HONGKONG SHIPPING IN SEPTEMBER

Vessel	Arrived		Departed		Cargo	
	No.	Ton	No.	Ton	Imported	Exported
British	245	482,744	238	472,832	96,143	30,523
American	28	151,723	28	151,723	24,174	6,335
Chinese	11	3,488	9	3,627	3,200	1,710
Costa Rica	—	—	1	2,031	—	—
Danish	20	68,711	18	64,391	12,614	11,544
Dutch	22	94,691	18	77,106	49,445	7,776
French	9	33,719	8	26,122	11,054	2,650
German	5	23,585	5	23,585	1,045	2,060
Italian	2	11,497	1	6,586	2,052	145
Japanese	39	122,454	42	121,180	18,163	23,628
Korean	7	9,654	6	8,888	5,462	2,850
Liberian	2	10,293	1	2,123	138	300
Norwegian	40	113,300	42	116,429	30,035	12,070
Pakistan	—	—	1	2,889	—	—
Panamanian	12	23,372	18	35,333	13,562	8,305
Philippine	1	4,324	2	4,398	7	500
Portuguese	2	8,266	2	8,266	—	1,273
Swedish	8	21,385	8	26,526	2,422	1,212
Thai	2	2,219	1	1,872	1,056	600
Total	455	1,185,425	449	1,155,707	270,574	113,481

HONGKONG'S PRINCIPAL EXPORTS IN 1956

PART IV

Item, Unit and Country to which Exported	Total for 1956 to date		Item, Unit and Country to which Exported	Total for 1956 to date	
	Quantity	Value HK\$		Quantity	Value HK\$
Rattan canes, core and peel Cwt.	128,038	10,671,249	Bamboo canes Cwt.	116,678	4,967,771
United Kingdom	7,976	818,525	United Kingdom	64,032	2,564,605
Australia	11,397	1,265,053	Australia	1,501	94,689
Canada	410	37,348	Canada	202	9,553
India	72	7,127	India	6	335
Malaya	320	19,489	Malaya	2,723	97,977
New Zealand	2,417	301,182	New Zealand	484	21,777
North Borneo	808	96,311	North Borneo	697	49,857
Pakistan	34	4,731	South Africa	962	51,257
South Africa	1,207	125,491	Central Africa (British)	32	1,809
East Africa (British)	1	324	Central America	7	298
Central Africa (British) ..	4	520	South American Countries, other	2	70
British West Indies	191	41,376	Japan	809	40,383
British Comm., other	286	37,943	Macao	3,344	96,108
Egypt	3,613	246,593	Philippines	22	1,800
African Countries, other ..	22	3,359	Thailand	1,227	55,670
U.S.A.	10,262	1,062,020	Belgium	2,858	110,243
Central America	3,095	389,478	Denmark	3,142	131,816
Brazil	133	26,641	France	2,922	166,100
South American Countries, other	405	68,327	Germany (Western)	14,304	649,087
China	23,448	1,120,220	Italy	970	50,432
Japan	39,046	2,846,110	Netherlands	8,618	389,682
Macao	2,870	111,759	Norway	3,196	153,396
Philippines	63	10,536	Sweden	3,736	192,896
Thailand	4	710	Switzerland	516	20,356
Middle and Near East Coun- tries	325	47,196	European Countries, other ..	366	17,575
United States Oceania	23	2,982	Cassia Cwt.	251,542	11,384,444
Austria	77	9,936	United Kingdom	4,570	206,421
Belgium	601	55,842	Australia	360	19,130
Denmark	475	64,062	Canada	5,948	281,060
France	3,712	466,551	India	109,481	4,924,451
Germany (Western)	5,649	526,398	Malaya	17,043	775,699
Italy	2,706	250,910	New Zealand	100	5,664
Netherlands	2,974	303,585	Pakistan	24,203	1,082,673
Norway	48	5,177	South Africa	1,738	80,693
Sweden	407	54,072	East Africa (British)	763	35,987
Switzerland	76	11,025	British West Indies	663	30,694
European Countries, other ..	2,881	232,340	British Comm., other	4,552	210,319
Seagrass, imported Cwt.	53,230	2,008,296	Egypt	3,539	139,666
United Kingdom	2,994	164,397	African Countries, other ..	11,514	548,222
Australia	83	4,481	Central America	4,103	190,902
Canada	3	195	Brazil	3,606	178,512
India	833	22,400	South American Countries, other	2,070	107,293
Malaya	45,821	1,660,350	Burma	2,145	112,629
New Zealand	3	126	Japan	9,013	414,826
North Borneo	487	19,851	Macao	224	9,161
South Africa	336	14,617	Middle and Near East Coun- tries	12,394	586,801
British Comm., other	2	96	Central Asian Countries ..	371	16,311
Central America	11	575	Belgium	130	5,303
Cambodia, Laos & Vietnam ..	100	4,200	Denmark	3,240	126,031
Japan	401	22,843	Finland	329	13,125
Macao	24	1,237	France	2,881	137,638
Thailand	154	5,697	Germany (Western)	11,649	518,556
Middle and Near East Coun- tries	337	17,185	Italy	710	33,200
Belgium	71	3,050	Netherlands	5,288	226,085
Denmark	71	3,988	Norway	1,155	49,324
Germany (Western)	835	37,450	Sweden	3,951	156,050
Italy	183	7,550	European Countries, other ..	3,809	162,018
Netherlands	288	11,413			
Norway	118	3,600			
Sweden	75	2,995			

Item, Unit and Country to which Exported			Total for 1956 to date		Item, Unit and Country to which Exported			Total for 1956 to date	
			Quantity	Value HK\$				Quantity	Value HK\$
Ginseng									
	Lb.		20,182	2,032,629					
Australia			6	1,660	Tung oil (wood oil)	Cwt.	129,874	19,260,468	
Malaya			12,978	1,605,759	United Kingdom		2,500	344,600	
North Borneo			178	16,924	Australia		36,695	5,881,699	
West Africa (British)			2	250	Canada		4,171	592,074	
British Comm., other			43	5,280	India		967	141,928	
U.S.A.			10	6,302	Malaya		2,374	398,350	
Central America			2	1,170	New Zealand		4,592	687,595	
South American Countries, other			26	5,211	North Borneo		83	13,560	
Burma			3	200	Pakistan		302	49,002	
Formosa			5,595	236,177	Central America		300	46,500	
Cambodia, Laos & Vietnam			259	9,680	Formosa		1,240	189,791	
Indonesia			863	165,058	Indonesia		119	23,580	
Philippines			45	2,600	Japan		75,305	10,687,662	
Thailand			91	11,513	Korea, South		295	50,400	
Oceania, n.e.s.			71	14,521	Macao		321	50,342	
Netherlands			7	144	Thailand		610	103,405	
Sweden			3	180					
Plants, seeds, flowers and parts of plants (other than betelnuts, cassia and ginseng) chiefly used in the manufacture of Chinese medicine									
	Cwt.		284,514	44,535,535	Teaseed oil	Cwt.	83,878	7,965,795	
United Kingdom			760	104,161	United Kingdom		3,462	406,048	
Australia			280	124,665	Canada		100	10,584	
Canada			1,480	722,692	India		199	22,400	
Ceylon			924	84,474	Malaya		26	3,085	
India			6,177	223,106	North Borneo		10	900	
Malaya			37,208	11,657,739	African Countries, other		1,000	160,000	
New Zealand			227	46,422	Belgium		904	135,708	
North Borneo			2,129	496,735	Germany (Western)		51,409	4,702,178	
Pakistan			490	16,581	Italy		5,786	554,440	
South Africa			2,588	187,735	Netherlands		20,982	1,970,452	
East Africa (British)			3	360					
British West Indies			61	25,810	Coal-tar dyestuffs, other than indigo	Cwt.	28,194	24,131,113	
British Oceania			45	22,384	Australia		115	172,192	
British Comm., other			430	77,791	India		339	409,696	
Egypt			120	7,560	Malaya		328	130,709	
African Countries, other			2,405	121,597	North Borneo		2	1,850	
Central America			196	61,616	British Comm., other		2	1,129	
Argentina			40	8,700	U.S.A.		348	233,445	
South American Countries, other			264	83,160	Burma		21	17,406	
Burma			188	77,564	China		1,493	1,828,019	
China			62,782	6,436,958	Formosa		2,314	1,557,290	
Formosa			56,131	5,949,633	Cambodia, Laos & Vietnam		562	170,223	
Cambodia, Laos & Vietnam			25,302	5,658,601	Indonesia		6,983	10,827,829	
Indonesia			11,668	1,799,499	Japan		467	540,394	
Japan			20,699	1,487,809	Korea, South		8,825	5,337,971	
Korea, South			5,310	927,596	Macao		233	101,510	
Macao			6,782	1,005,042	Philippines		1,991	1,900,288	
Philippines			3,997	238,225	Thailand		4,161	890,168	
Thailand			28,825	6,253,810	Middle and Near East Countries		—	194	
Middle and Near East Countries			1,150	41,766	Oceania, n.e.s.		1	245	
United States Oceania			333	38,862	Belgium		2	5,945	
Oceania, n.e.s.			45	32,573	Netherlands		7	4,610	
Belgium			78	6,675					
Denmark			60	5,107	Indigo, natural and synthetic	Cwt.	3,483	1,161,233	
France			1,155	98,344	Malaya		612	48,765	
Germany (Western)			2,882	284,299	Pakistan		12	5,746	
Italy			173	12,798	African Countries, other		190	103,584	
Netherlands			470	44,821	Central America		475	159,681	
Norway			60	5,085	Burma		105	38,600	
Sweden			578	56,717	China		461	81,685	
European Countries, other			19	463	Indonesia		118	47,100	
					Thailand		1,510	676,078	
Coal									
	Cwt.		4,683,239	18,725,441	Lacquers and varnishes, imported	Lb.	1,479,543	7,414,967	
North Borneo			439	2,922	Malaya		1,184	7,401	
Cambodia, Laos & Vietnam			59,052	329,924	Burma		160	528	
Japan			4,608,888	18,312,689	Formosa		13,094	72,405	
Macao			14,860	79,906	Japan		1,440,926	7,172,690	
					Korea, South		22,580	158,984	
					Macao		30	105	
					Thailand		1,569	2,854	

FINANCE & COMMERCE

HK EXCHANGE MARKETS

U.S.\$

Nov.	T.T. High	T.T. Low	Notes High	Notes Low
25	\$589¾	589	587½	586½
26	588¾	587½	586¾	585½
27	586¾	586¼	584½	583½
28	587½	586½	585½	584½
29	587¾	587¼	586	585¾
30	588¼	587¾	588¾	588

D.D. rates: High 588 Low 584½.

Highest and lowest rates in November 1957 were: T.T., 592½ and 582; Notes, 591½ and 579½.

Trading totals: T.T. US\$5,060,000; Notes cash \$460,000, forward \$2,410,000; D.D. \$380,000. The market was uncertain; rates first dropped but rallied towards week-end. In the T.T. sector, market was active with good demand from gold importers; offers from Japan, Korea, Thailand and the Philippines remained active. The Notes market continued quiet. Interest favoured sellers and aggregated HK\$3.50 per US\$1,000. Speculative positions averaged US\$2 million per day. The D.D. market was very quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.79—1.785, Japan 0.01425—0.01405, Malaya 1.873, South Vietnam 0.06944—0.06896, Laos 0.065, Cambodia 0.075, Thailand 0.2801—0.2777, Indonesia 0.1338, India 1.09. Sales: Pesos 320,000, Yen 88 million, Malayan \$350,000, Piastre 7 million, Kip 5 million, Rial 5 million, Baht 3 million, Rupiah 3 million, and Indian Rupees 200,000.

Agreed Merchant T.T. rates: Selling and buying per foreign currency unit in HK\$: England 16.2025—16.1005, Australia 13.0169—12.7575, New Zealand 16.2025—15.8678, United States 5.7971—5.7143, Canada 5.9925—5.904, India 1.2158—1.2048, Ceylon 1.2195—1.2075, Burma 1.2158—1.2048, Pakistan 1.2176—1.2039, Malaya 1.8868—1.8692. Selling per foreign currency unit in HK\$: South Africa 16.237, Switzerland 1.3267, Belgium 0.1164, West Germany 1.3829.

Chinese Exchange: The official rates for People's Yuan unchanged at

6.839 per Pound Sterling, 0.427 per HK\$, 0.805 per Malayan \$, 0.514 per Indian or Pakistan Rupee, 0.585 per Swiss Franc, and 2.345 per US\$; on the free market here cash notes quoted \$1.67—1.405 per Yuan. Taiwan Dollar remained at 15.65—15.55 per US\$ and 2.74—2.72 per HK\$; cash notes quoted at \$0.16—0.156 per Dollar, and remittances at 0.147—0.146.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.54—15.40, Scotland 14.00, Ireland 13.80, Australia 12.67—12.48, New Zealand 14.10, Egypt 1.00—0.93, East Africa 14.50, South Africa 15.47—15.42, West Africa 13.50, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 0.94—0.935, Burma 0.56, Malaya 1.84—1.827, Canada 6.075—5.9925, Cuba 5.00, Argentina 0.12, Brazil 0.06, Peru 0.26, Mexico 0.43, Philippines 1.835—1.78, Switzerland 1.355, West Germany 1.36, Italy 0.0092—0.009, Belgium 0.105, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0116—0.01135, South Vietnam 0.07—0.0685, Laos 0.067—0.065, Cambodia 0.077—0.076, New Guinea 1.00, Indonesia 0.148—0.136, Thailand 0.281—0.276, Macau 1.00—0.995, Japan 0.014275—0.0141.

Gold Market

Nov.	High .945	Low .945	Macau .99
25	\$257¾	257¼	267½ High
26	257½	256¼	
27	256¾	255¾	
28	256½	256¼	
29	256¾	256½	
30	257	256¼	Low 266

Opening and closing prices, 257½ and 256¼; highest and lowest, 257½ and 255¾. Highest and lowest in November 1957 were 260½ and 253¾. The market last week was quiet and prices easy in line with the US\$ exchange. Interest for change over favoured sellers and aggregated \$3.00 per 10 taels of .945 fine. Tradings averaged 6,200 taels per day and totalled 37,200 taels for the week, in which 12,500 taels were actual cash (3,800 taels listed officially and 8,700 taels arranged privately). Positions taken by speculators averaged 14,500 taels per day. Imports from Macau totalled 10,500 taels. A shipment of 40,000 fine ounces arrived Macau in the week. Exports amounted to 8,000 taels (5,000 taels to Singapore, 2,500 taels to Indonesia, and 500 taels to Korea). Differences paid for local and Macau .99 fine were HK\$12.70—12.60 and 11.70—11.60 respectively per tael of .945 fine. Cross rates were US\$37.86—37.84 per fine ounce; 24,000 fine ounces were contracted at 37.85 cif Macau. US double eagle old

and new coins quoted \$263—262 and \$229—228 respectively per coin. English Sovereigns \$59 per coin, and Mexican gold coins \$277—276 per coin. **Silver Market:** 800 taels of bar silver traded at \$5.85 per tael and 700 dollar coins at \$3.70 per coin. Twenty-cent silver coins quoted at \$2.85 per five coins.

HK SHARE MARKET

Last week's market opened firm. Trading totalled \$525,000 and \$803,000 on Monday and Tuesday respectively. Price gains were restricted by low counteroffers from buyers. The firm market however was short-lived; on Wednesday the turnover dropped to \$295,000 during the half-day trading mainly due to the tight money here. The news of President Eisenhower's sudden illness in mid-week depressed local sentiments but the market picked up again on Thursday (\$730,000) although prices eased; many shares (Wharves, Providents, Realities, Hotels, Yaumatis, Cements, HK & FE Investments and Textiles) failed to retain gains registered early in the week.

Closing rates for most shares were lower than those for the previous week on account of selling pressure brought about by the tight money market. Wheelocks lost 15 cents; over 50,000 shares changed hands mostly during the last two days. Telephones, Electrics, Lights, Trams, Star Ferries, Rubbers and Nanyangs also had more sellers than buyers; dips however were only fractional. The undertone at week-end was uncertain; turnover amounted to \$213,000 on Friday.

CLOSING RATES ON NOV. 29

H.K. Govt. Loans

3½% Loan (1934 & 1940), 90 nom.
3½% Loan (1946), 84 nom.

Banks

H.K. & S. Bank, 845 b; 860 s.
H.K. & S. Bank (Lon. Reg.), £44¼ nom.
Bank of East Asia, 20 b.

Insurances

Union Ins., 75½ b.
Lombard Ins., 31¾ b.
China Underwriters, 7.30 s.

Investment Companies

Allied Investors, 3.675 b.
Yungtze Finance, 5.35 b; 5.35 sa.
H.K. & F.E. Invest., 9½ b.

Shipping

Douglas, 420 nom.
Indo China (Pref.), 13 nom.
Indo China (Def.), 40 nom.
U. Waterboat, 20 nom.
Asia Nav., 1.275 nom.
Wheelock, 6½ b; 6.55 s; 6½ sa.

Share	Nov. 22	Last Week's Rate			Up & Down	Dividend	Esti- mated Annual Yield (%)
		Highest	Lowest	Closing			
HK Bank	870	865	845 b	860 s	—\$10	\$50	5.81
Union Ins.	77	77	75.50	75.50 b	—\$1.50	\$3.40	4.53
Lombard	33 s	32.75 n	31.75 b	31.75 b	—\$1.25	\$2	6.30
Wheelock	6.65	6.65	6.40	6.50	—15c	75c	11.54
HK Wharf	117 b	118	117	117 b	steady	\$6	5.13
HK Dock	51.50 b	51.50	51 b	51 b	—50c	\$2	3.92
Provident	11.60	11.70	11.60	11.60	steady	\$1	3.62
HK Land	33.75	33.50	33.25	33.25	—50c	\$3.50	10.53
Realty	1.35 b	1.375	1.35	1.35	steady	15c	11.11
Hotel	14.60	14.90	14.70	14.70	+10c	\$1	6.80
Trams	23	22.90	22.70	22.80	—20c	\$1.70	7.46
Star Ferry	128 s	127	125	125	—\$3	\$9	7.20
Yaumati	93 b	94	93.50 b	93.50 b	+50c	\$7.50	8.02
Light	18.40	18.40	XD 17.30	XD 17.30	—30c	\$1.10	6.56
Electric	27.30	27.50	26.80 b	26.80 b	—50c	\$1.80	6.72
Telephone	26.40	26.50	25.90	26	—40c	\$1.50	5.77
Cement	24	24.50	24	24.20	+20c	\$4	16.53
Dairy Farm	16.20	16.20	16.20	16.20	steady	\$1.63	10.06
Watson	12.30	12.30	12.20	12.20	—10c	\$1	8.20
Yangtze	5.30 b	5.35	5.35	5.35	steady	65c	12.15
Allied Inv.	3.80	3.80	3.675 b	3.675 b	—12½c	25c	6.80
HK & F.E. Inv.	9.50 b	10	9.50 b	9.50 b	steady	80c	8.42
Amal. Rubber	1.325 s	1.30	1.20	1.30 s	—2½c	28c	21.54
Textile	4.65	4.70	4.55 b	4.65 s	steady	50c	10.72
Nanyang	9.50 s	9.30	9.10	9.10	—40c	\$1	10.99

Docks, Wharves & Godowns

H.K. & K. Wharf, 117 b: 119 s.
 Sh. Hongkew Wharf, 1.20 nom.
 H.K. Dock, 51 b.
 China Provident, 11½ b: 11.70 s; 11.60 sa.
 China Provident (Partly Pd.), 5.95 nom.
 Shai Dockyard, 1¼ nom.

Mining

Raub Mines, 2½ nom.
 H.K. Mines, 2c nom.

Lands, Hotels & Bldgs.

H. & S. Hotels, 14.60 b: 14.80 s: 14.70 sa.
 H.K. Land, 33 b: 33½ s.
 A/Fr. Land, 35c nom.
 Shai Land, 70c b.
 Humphreys, 16.10 s.
 H.K. Realty, 1.35 b: 1.35 sa.
 Chinese Estates, 370 nom.

Public Utilities

H.K. Tramways, 22.60 b: 22.90 s.
 Peak Trams (P. Pd.), 72 nom.
 Peak Trams (P. Pd.), 36 nom.
 Star Ferry, 125 sa.
 Yaumati Ferry, 93½ b: 94½ s.
 China Light Ex. Div., 17.30 b: 17½ s: 17.30 sa.
 H.K. Electric, 26.80 b.
 Macao Electric, 16.40 nom.
 Sandakan Light, 8½ nom.
 H.K. Telephone, 25.90 b: 26 s: 25.90/26 sa.
 Shanghai Gas, 1.20 nom.

Industrials

G.I. Cement, 24.30 s: 24.30 sa.
 H.K. Rope, 14.90 nom.
 Metal Industries, 1.10 b.
 Amoy Canning (H.K.), 38 b.

Stores

Dairy Farm, 16.10 b: 16.30 s.
 Watson, 12.20 b: 12.30 s: 12.20 sa.
 L. Crawford, 13½ b: 13.90 s.
 Cald. Macg. (Ord.), 28.40 nom.
 Sincere, 2.70 b.
 China Emporium, 8¼ b.
 Sun Co., Ltd., 1 b.
 Kwong Sang Hong, 175 nom.
 Wing On (H.K.), 70 b.

Miscellaneous

China Entertainment, 22.80 nom.
 International Films, 45c nom.
 H.K. Construction, 5.80 nom.
 Vibro Piling, 15.90 nom.
 Marsman Investments, 6½ nom.
 Marsman (H.K.), 65c nom.

Cottons

Ewo, 85c nom.
 Textile Corp., 4.55 b: 4.65 s.
 Nanyang Mill, 9.30 s.

Rubber Companies

Amalgamated Rubber, 1.225 b: 1.30 s.
 Ayer Tawah, 2.10 nom.
 Java-Consolidated Estates, 32c nom.
 Langkat, 1¼ nom.
 Rubber Trust, 1.20 nom.
 Shanghai Kelantan, 75c nom.
 Shanghai Sumatra, 2.60 nom.
 Sungala, 1.30 b: 1.40 s

SINGAPORE SHARES

During the week ended November 22, tin price declined to \$341.50 per picul. The fall was attributed to fear of a lowering of the floor price to £680 per ton, or, possibly to the original £640, immediately after the Buffer Pool's meeting on December 11th. Also the pool may withdraw support, until more cash becomes available.

Industrials opened steady and continued firm until towards end of the period when they came under the influence of the tin price and the falling off of the rubber price to below 79c, after reaching a peak of 80¼c. In most cases the week's rises were completely erased and in many shares closing levels were even lower than at the opening. Heaviest falls were recorded on the last day of trading and this section closed weak. Fraser & Neave improved to \$2.62½ but then fell away to \$2.55 with further sellers. Hammers went from \$2.20 to \$2.15 and also had sellers at this level at the close. Robinson Ords. had exchanges from \$1.80 to \$1.85 and then down to \$1.75. Straits Times had small exchanges from \$3.85 to \$3.80 and Wearne Bros. from \$3.10 to \$3.15 and back to \$3.10.

Tin shares opened on an uncertain note mainly on Buffer Stock considerations. However, there was a reversal of sentiment midweek and a number of useful gains were registered, only to be wiped out on Thursday. Persistent selling on Friday resulted in further heavy marking down of prices and sellers predominated at the close. There was a moderate turnover in Petalings from \$2.58 to \$2.67½ and then down to \$2.35 at which level there were small buyers. Rantau improved to \$1.95 before slipping to \$1.75. Sungei Way dipped to \$1.34 after \$1.47 earlier.

Only limited interest was shown in Sterling Tins, with the exception of Meru which had exchanges from 2/7d to 1/10d. Southern Malayan dropped from 10/3d to 9/6¼d ex dividend and Southern Kinta closed at 16/3d cum dividend after 17/7½d cum dividend. Austral Amalgamated touched 13/9 before slipping to 12/6 and Kuala Kampar moved from 38/6 cum dividend to 34/6 ex dividend.

Interest in Rubber shares was patchy, and price movements small. Exceptionally, Jimah rose steeply to \$2.60 before falling sharply to \$2.10. New Serendah had small exchanges between \$2.35 and \$2.45 and Nyalas from 78c. to 78c.

There was little interest in Sterling Rubbers with Kepong (Malay) passing at 1/10d, Bagan Serai at 2/5d and Manchester N.B. at 14/6. London came out as a heavy buyer of Ledang Bahru and there were considerable exchanges from 3/6 to 4/- cum dividend, before the weight of sellers depressed them to 3/10d at the close.

Turnover in Loans remained meagre.

TRADE REPORTS

In the local commodity market last week demand from Korea, Thailand, Indonesia and Philippines for metals, paper, pharmaceuticals, industrial chemicals was keen but interest centred on a few popular items only. Many transactions fell through because buying offers were too low. Local dealers reluctant to mark prices further down because many items were already below new indents. Short stock here of many popular commodities also restricted the volume of business. Dealers here however hesitated to book heavy replenishments on account of the tight money last week and uncertain export prospects.

Japan continued to absorb a few items of produce from here but limited supply handicapped transactions. Spot trading in cotton yarn and cloth remained slow; prices weak. Local demand for cement continued strong but exports sluggish. Prices for rice and wheat flour were steady but sugar was sluggish under heavy supply.

Local enamelware manufacturers decided to reduce prices for most products by 5% as from December to compete with Japanese and European enamelware in SE Asia and Africa.

ENTREPOT TRADE

HK/China Trade—Canton bought several small lots of metals from the local market because prices here were lower than indents. There were also enquiries from China for fine chemicals but orders were placed with local agents of European manufacturers for direct shipments because supply here inadequate. Imports of foodstuffs remained heavy. Consignments of live hogs from Canton and other Chinese ports remained normal although pork will go on ration in Peking beginning December 1st. In spite of the fact that China's domestic demand for cotton cloth exceeds current output, large quantities of grey and other cloth continued to flood the local market. According to reports from Shanghai authorities there recently explained that China must curtail consumption of rice, pork, cloth and other foodstuffs and consumer goods in order to increase exports of these items for the sake of earning more foreign exchange.

HK/Japan Trade—Japan sent here more orders for oilseeds, woodoil, ramie and other staples but buying offers were kept very low. Japan still obtains the bulk of supply from China and SE Asia direct and buys from here either on account of quick delivery or because prices are cheaper.

Dealers here booked less woollen yarn from Japan due to heavy supply here and the fact that local sales were not as active as they had anticipated. Booking of paper also slowed down; straw board was difficult to get while other items were too expensive. The uncertain demand from SE Asia this year for lighters, zip fastener, cutlery, harmonica, hair netting, fountain pens, ball pens and other sundries discouraged dealers here from ordering too much supply from Japan.

HK/UK & HK/Europe Trade—Demand from UK for produce was very weak. Orders were mostly for HK manufactured goods; the tempo of these purchases also slowed down. Exports during the week totalled about 3,000 tons consisting chiefly of cotton textiles, rubber footwear, plastics products, children's garments and glass marbles. Imports amounted to about 4,000 tons; principal items were metals, woollen yarn, woollen piecegoods, automobiles, wines, toilet articles, machinery and equipment, provisions and Christmas goods.

Exports to Europe remained on the weekly average of 1,000 tons and consisted chiefly of rubber shoes, plastics products, metalware, cotton textiles and knitwear. Demand from Europe for produce remained uncertain; there were more enquiries than orders from West Germany and Scandinavian countries for feathers, hog casing and

vegetable oils. West Germany also interested in HK manufactured gloves, rubber footwear, cotton textiles, hats, chinaware and embroideries. Enquiries from Sweden covered cotton textiles, torch, vacuum flasks, metal lanterns and plastics products.

Imports from Europe exceeded 2,000 tons; principal items included photo supplies, rayon yarn, woollen textiles, chemicals, metals, sheet and plate glass, office equipment, pharmaceuticals, provisions and machinery. Several French and Italian manufacturers are inviting local firms to act as agents for the marketing of knitting wool, woollen textiles, hand tools, office equipment, photo supplies, metals, perfumes, plastics, raw materials, machinery and a long list of sundries and consumer goods.

HK/US Trade—Demand from US for HK manufactures remained strong; exports totalled 5,000 tons. Preserved ducks and canned water chestnuts enjoyed good seasonal demand from US. A large consignment of rattanware was rushed to US to catch the Christmas shopping season. Booking of Christmas goods from US slowed down; most orders had already been placed and many consignments will reach here during the first half of December.

HK/Thailand Trade—Exports to Thailand totalled 2,000 tons. Bangkok remained keen in procuring metals, paper, pharmaceuticals, chemicals and cotton yarn from here but many orders fell through because buying offers were too low and interest centred on a few items only. Tight money in Bangkok also handicapped purchases; several dealers here experienced difficulty to get their funds back after sending consignments there on credit. Import of rice from Thailand remained heavy.

HK/Indonesia Trade—Cargo movements between HK and Indonesia slowed down. There were still orders from Djakarta for alum, bitter almond and a few items of paper and pharmaceuticals but importers there found replenishments from here too expensive on account of the high rate they had to pay for exchange certificates to cover imports. Consequently, purchases from the local market slowed down and in the case of grey sheetings, Djakarta importers instructed their buying agents here to liquidate previous purchases instead of shipping them to Indonesia.

HK/Malaya Trade—About 2,000 tons of fruits, vegetables, eggs, raincoat, metalware, toys, pharmaceuticals, watch cases, cotton textiles, rayon products, vacuum flasks, cosmetics, sundry provisions were shipped to Singapore and other Malayan ports. Dealers here reported that more foodstuffs and sundry provisions would be shipped there before Christmas. Demand for Hongkong manufactured cotton textiles, shirts, torch, enamelware, etc. turned sluggish.

HK/Philippines Trade—Manila importers bought only limited quantities

of structural steels, black plate, gum arabic and sundry provisions from here because authorities there restricted imports to essential supplies only and maintained strict ban against Communist goods. The invisible exports to the Philippines however remained active. Increasing number of tourists came here from Manila and went back with loads of cotton textiles, cosmetics, watches and luxuries to meet the demand there during the Christmas season.

HK/Korea Trade—Exports of woollen yarn, rayon yarn, paper and other essential supplies totalled 1,500 tons. More orders reached here last week from Seoul but purchase of metals was handicapped by low buying offers while demand for paper, pharmaceuticals and chemicals was restricted by short stock here.

HK/Taiwan Trade—There were more enquiries than orders from Taiwan for metals, paper and chemicals. Many transactions fell through on account of low offers from Taipei. Imports of sugar, tea, ginger, citronella oil, camphor products amounted to about 500 tons.

HK/Cambodia Trade—Phnompenh bought more foodstuffs from here but demand for HK manufactures remained weak; orders last week covered only small lots of vacuum flasks, torch and plastics products. Imports of sesame, maize, rice bran and live hogs were not substantial.

HK/Vietnam Trade—Insignificant lots of vacuum flasks, joss sticks and foodstuffs were shipped to Saigon. Dealers here hoped that demand from South Vietnam might improve with the approach of the holidays. According to reports from Saigon, commodity prices there improved recently.

Trade with Haiphong was also slow. The lack of sufficient foreign exchange there restricted purchases from here. Imports of woodoil, aniseed oil and herb medicines were handicapped by high cost while the supply of rice, beans and maize was restricted.

HK/Burma Trade—Exports totalled 200 tons only. New orders from Rangoon covered only moderate quantities of foodstuffs, enamelware, toys, paints and metal lanterns. Cargo movements did not improve as dealers here had expected.

HK/Ceylon Trade—One vessel shipped about 1,000 tons of dried chilli, enamelware, cotton textiles and garlic to Colombo last week. The cargo was accumulated during the past three weeks. Fresh demand covered only some dried chilli and HK metalware.

HK/Australia Trade—Demand from Australia remained dull; purchases from here last week included only some camphor products, woodoil, garments, knitwear and toys.

HK/New Zealand Trade—Demand from this market is better this year than last. Orders last week covered chiefly HK manufactures including

shirts, underwear, towel, nylon products, plastics, vacuum flasks, firecrackers, torch and other metalware. Prospects of further improvement are not very bright on account of growing competition from Japanese goods there.

HK/Africa Trade—Imports from South and East Africa totalled 2,000 tons consisting chiefly of beans, cotton, seafood, ivory, fruits, tanning extract, hide and groundnut oil. About 1,100 tons of enamelware, cotton textiles and rayon products were shipped to South Africa. Cargo movements between HK and West Africa were quiet.

COMMODITY MARKET

Produce—Japan remained the number one buyer on the local produce market with interest centred on sesame, woodoil, ramie, bee wax, hog casing and taro chips; there was no order for beans. Turnover was limited by inadequate supply and low buying offers from Tokyo. Although dealers here managed to procure some hog casing, feather, tea, rosin, walnut meat and citronella oil from Canton supply remained far from sufficient to meet the demand from Japan and Europe. Imports of maize and beans from South Vietnam curtailed on account of export restrictions there while supply of these items from Cambodia and other SE Asian countries also declined recently due to Japan's direct purchase from these territories. Consequently there were more enquiries than orders from Europe, UK and other countries for aniseed oil, feather, camphor products, bamboo cane, woodoil, cassia, galangal, tea, hog casing and other popular staples.

Metals—On November 22nd, West German steel works marked up prices for various steel products by about 3 to 5%. Prices in the local market were steady to firm. Improvement slow although many items were below cost; demand from China and SE Asia could only be retained by keeping prices attractively low. Items favoured by China included galvanized iron pipe, steel wire rope, steel plate, blackplate and tinplate waste waste, galvanized iron sheets. The market also registered demand from Korea for round bars and steel plate; from Philippines for structural steel and blackplate; from Okinawa for round

bars and black pipe; from Thailand for galvanized iron wire and steel plate; and from Taiwan for black pipe.

Paper—Korea remained keen in sulphite, aluminum foil, duplex board, tissue and other popular items but inadequate stock of European products restricted the volume of these purchases. Dealers here refrained from booking heavy replenishments because market prices here for many items remained below new indents while buying offers were kept low. Local consumers and SE Asia favoured Japanese and Chinese products including newsprint in ream, woodfree, kraft, m.g. cap, tissue, manifold, bond, cellophane, glassine, cigarette paper, and poster but supply from China difficult to get while offers from Japan were too expensive in spite of recent dips.

Pharmaceuticals—China suddenly interested in comparatively large quantities of phenacetin, amidopyrin, antipyrin and vitamin C powder; orders were placed with European and British manufacturers through local agents because stock here insufficient. Short stock also restricted Seoul's purchases of penicillin oil injections, sulfadiazine, aspirin, phenacetin, santolin crystal, amidopyrin and vitamin B2 powder from here. There were also demand from Thailand for sulfadiazine, aspirin, phenacetin; from Indonesia for saccharine crystal; and from Singapore for cod liver oil capsules. Trading volume moderate but prices firm.

Industrial Chemicals—Export sluggish; only orders from Korea, Thailand, Philippines and Taiwan for gum arabic, gum copal and tartaric acid. Local factories consumed moderate quantities of sodium bicarbonate and hydrosulphite, petrolatum, lithopone, chlorate of potash and ultramarine blue. Prices steady.

Cotton Yarn—HK products were barely steady because local demand slowed down. Pakistan brands were quiet but prices steady on high replenishment cost. Japanese yarn was marked down in line with lower indents but demand remained sluggish. Indian yarn attracted limited demand from Thailand and local knitters after prices depressed by new arrivals. Bangkok also procured some Korean products.

Cotton Piecegoods—Marked-down Japanese indents, liquidation by Indo-

nesian merchants, heavy imports from China and tight money among local piecegoods dealers brought about a sluggish trend and moderate price dips particularly in the case of Japanese and Chinese grey cloth. HK grey sheeting was better off on account of steady export demand while Japanese white shirting steady on strong local demand.

Rice—Heavy imports from Bangkok kept Thai rice at a low level. Chinese and Cambodian rice firmed on steady local demand and limited supply.

Wheat Flour—The market remained slow but prices steady.

Sugar—Fresh supply from Taiwan and slow exports depressed Taiwan granulated to new lows. HK products were kept steady by good local demand and orders from Singapore. Brown sugar steady on limited supply from Philippines and Indonesia.

Cement—Local demand strong but exports weak. Green Island brands steady at \$5.50 per 100-lb bag retail. Imports from China curtailed; Canton products retail price \$5 per bag ex-godown. Japanese brands steady at \$5.40 per bag ex-godown.

Watches—With the approach of the holiday season demand for watches improved in the local market. In spite of strict measures introduced by authorities in Tokyo, Manila, Taipei, Saigon and Bangkok to stop illegal imports of this item from here, large parcels of watches continued to be smuggled from here to these countries; several consignments were caught by preventive services in these countries recently but the actual quantities went to these markets could be appreciated from the fact that HK's imports of Swiss watches at present remain heavy—about HK\$10 million per month.

Electric Appliances—According to a local agent of one British electric appliances manufacturer, competition from West German electric stoves, irons, toasters, and fixtures is very keen. Local demand for electric washing machine remained stagnant. It seems that it is much cheaper and simpler to employ a laundry woman than buying a machine for the work. In the case of radio receiving sets, most dealers agree that demand will improve after the setting up of a commercial radio station in Hongkong.